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1988-89



THE STATE OF MONTANA

Montana Appropriations Report

FISCAL YEARS 1988-1989


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**APPROPRIATION REPORT
REGULAR SESSION - 1989 BIENNium**

**Submitted By:
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Budget Director**

June, 1987

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6107	Long Range Building
4201	Public Service Regulation
5201	Fish, Wildlife & Parks
5501	State Lands
5603	Livestock
5706	Natural Resources and Conservation
6201	Agriculture
5102	Commissioner of Higher Education
5103	University of Montana
5104	Montana State University
5105	Montana College of Mineral Science
5106	Eastern Montana College
5107	Northern Montana College
5108	Western Montana College
5109	Agricultural Experiment Station
5110	Cooperative Extension Service
5111	Forestry & Conservation Experiment Station
5118	Board of Regents Higher Education
6501	Commerce
5114	Montana Arts Council
5115	Montana State Library
5117	Montana Historical Society
6401	Institutions
6402	Montana Developmental Center
6404	Center For The Aged
6405	Eastmont Human Services Center
6407	Mountain View School
6408	Pine Hills School
6409	Montana State Prison
6410	Swan River Youth Forest Camp
6411	Montana Veterans' Home
6412	Montana State Hospital
6413	Board of Pardons
6414	Montana Youth Treatment Center
6602	Employment Security
6603	Workers' Compensation
3501	Superintendent of Public Instruction
3511	Billings Vo-Tech
3512	Butte Vo-Tech
3513	Great Falls Vo-Tech
3514	Helena Vo-Tech
3515	Missoula Vo-Tech
5101	Board of Public Education
5113	School for Deaf and Blind
5116	Montana Advisory Council for Vo-Ed
5119	Fire Services
5401	Highways
5801	Revenue
1101	Legislative Auditor
1102	Legislative Fiscal Analyst
1104	Legislative Council
1109	Senate Legislative Assembly
1110	House Legislative Assembly
1111	Environmental Quality Council
1112	Consumer Counsel
2110	Judiciary
3101	Governor's Office
3201	Secretary of State
3202	Commissioner of Political Practices

	3401	State Auditor
	4107	Board of Crime Control
	4108	Highway Traffic Safety
	4110	Justice
	6101	Administration
	6104	Public Employees' Retirement
	6105	Teachers' Retirement
	6701	Military Affairs
LOIS STEINBECK	5301	Health and Environmental Sciences
	6901	Social and Rehabilitation Services
	6911	Family Services

TERRY JOHNSON - BUREAU CHIEF - DATA PROCESSING SYSTEMS & STATISTICS

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Helen Kittel, Administrative Assistant
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Mary LaFond, Administrative Secretary
Mary McCullough, Systems Analyst
Mike Walsh, Administrative Officer

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Agency Index to HB0002	(last page)

BUDGET SUMMARY

The 50th Legislature approved a budget of \$759.7 million of general fund spending. The Governor recommended spending \$739.3 million for state operations, exclusive of the foundation program. He also recommended providing \$77.1 million dollars of general fund and earmarking and additional \$18.9 million for the foundation program. The legislature appropriated \$749.0 million for state operations and \$10.7 million for the foundation program. The legislature earmarked sufficient additional revenues to fund existing foundation schedules.

The administration and the 50th Legislature faced the most difficult budget-balancing task in nearly two decades. Prior to the session, the gap between general fund revenues under current law and necessary expenditures for the 1988-89 biennium was nearly \$100 million.

The Executive Budget recommended closing that gap without a general tax increase. The Governor's proposals accomplished that goal by holding the spending for most state agencies at or below the current biennium level, freezing state employees' salaries and the foundation program schedules, continuing the reallocation of coal tax revenues approved during last June's Special Session and slowing the rate of savings going into the coal tax trust.

The final budget adopted by the legislature followed the direction of most of these recommendations. However, since the legislature appropriated more than the Executive Budget recommended, granted tax reductions to some taxpayers and transferred \$12 million less from coal trusts, in order to balance the budget, the legislature found it necessary to impose a 10 percent surtax on individual income tax for calendar years 1987 and 1988.

The following table compares the major elements of the Executive Budget recommendation with legislative action.

<u>Executive Budget Recommendation:</u>	<u>Legislative Action</u>
Spending: 739.5M (excluding Foundation program)	Spending: 749.0M (excluding Foundation program)
Freeze school foundation program schedule	Adopted
Freeze state salaries	Adopted, except for institutional teachers
Keep additional revenue from federal tax reform (\$78.8M)	Adopted
Slow the rate of savings into the coal tax permanent trust (\$83.3M)	Took \$71M from the principal of Education Trust fund
Adopt a 4% accommodations tax for travel promotion	Adopted
Endorsed Senator Smith's conversion of vehicle fee system to 2 percent of market value	Adopted
Utilize \$4.6M of RIT monies in agency budgets	Utilized \$4.9M of RIT monies in agency budgets
Reallocate some coal tax revenues and interest earnings	Adopted
Enact a comprehensive, revenue-neutral tax reform package	Provided \$18.6M of tax breaks for certain taxpayers
No general tax increase	10% surtax on individual income
Provide a fund balance of 5% of expenditures	Provided a fund balance of 1.87% of expenditures

MAJOR EXECUTIVE INITIATIVES

Economic Development

The legislature reaffirmed and expanded the Build Montana program by enacting the following Executive Budget recommendations:

-Montana's tourism industry will be assisted through a significant expansion of the travel promotion effort funded by an earmarked 4 percent accommodations tax. The state's effort will increase from \$1.2M per year to approximately \$4.8M annually.

-A "Pacific Rim" effort was funded to build a stronger identity for our producers, manufacturers and the travel industry in the Orient.

-The Science and Technology Alliance was given the authority to issue \$16 million in bonds to help expanding business become significant Montana employers.

-The linked deposit program to help finance operating loans for farms and ranches was continued.

-\$2.1M of oil overcharge monies was appropriated to develop a major new truck/train transloading facility to make Montana products more cost competitive.

-The state's investment programs were consolidated under a single board and staff to maximize the state's ability to invest its resources and promote economic development.

Department of Family Services:

The legislature adopted the administration's bill to consolidate existing services to youth and families within a single agency. The new Department of Family Services will enable the state to use available manpower and resources more efficiently and to encourage greater local involvement in serving troubled children and youth.

Workers' Compensation:

The legislature adopted SB 315, a major administrative package designed to reform Montana's workers' compensation system. The reform bill, which resulted from over two years of study and public input, will hold down costs of insurance for all Montana employers, allowing the continuation of a program that fairly protects injured workers at a cost their employers can afford.

The legislature also provided funding to solve the cash flow problems for the unfunded liability created by past claims against the state fund. A 0.3% payroll tax on all employers was established for four years. As a result, the state will not have to raise workers' compensation rates on July 1, 1987.

Tax Reform

The legislators did not adopt the administration's major tax reform proposals, which would have:

- simplified and broadened Montana's income and corporation tax bases;
- lowered the corporation tax by 10% for all corporations;
- lowered state income taxes for 60% of Montanans and dropped the top marginal rate from 11% to 8%;
- eliminated a series of "nuisance taxes";
- allowed Montana voters to vote on the enactment of a sales tax to replace \$150 million each year in property taxes, and
- provided alternate revenue sources for local governments.

Instead, the legislature:

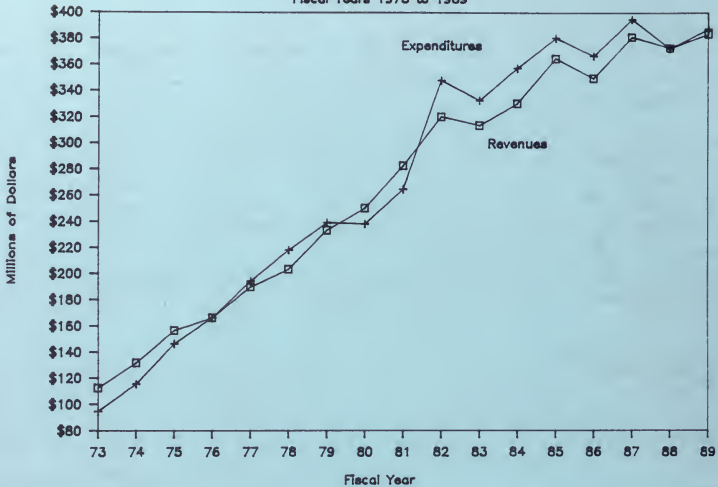
- imposed a 4% surtax on Montana corporations for calendar year 1987
- imposed a 10% surtax on individual income tax for calendar years 1987 and 1988, and
- enacted specific tax reductions geared to certain industries.

GENERAL FUND SUMMARY (MILLIONS)

	ACTUAL FY 86	ESTIMATED FY 87	ESTIMATED FY 88	ESTIMATED FY 89
Beginning Fund Balance	\$ 27.545	\$ 16.002	\$ 10.332	\$ 11.047
Receipts				
Estimated Revenue	\$349.541	\$346.193	\$372.634	\$383.426
Education Trust Transfer		35.000	0.000	0.000
Federal Tax Reform		(5.470)	(27.300)	(46.040)
Total Receipts	\$349.541	\$381.193	\$372.634	\$383.426
Total Available	\$377.086	\$397.195	\$382.966	\$394.473
Disbursements				
Budgeted Disbursements	\$362.161	\$327.303	\$361.564	\$362.752
Foundation Program	4.654	20.558	0.000	10.707
Legislative Feed Bill		4.318		4.400
Local Government		6.500		
Continuing Approp. Reserve		4.852		
Miscellaneous Appropriations			1.839	0.382
Supplemental Requests		24.107	1.461	1.019
Emergency & Disaster		0.695		
TRANS Interest		4.261	2.774	3.089
Debt Service		10.811	11.037	11.083
Language Appropriations			0.277	0.302
Appropriation Cuts		-4.611		
Reversions		-4.000	-6.500	-6.500
Total Disbursements	\$366.815	\$394.794	\$372.452	\$387.234
Adjustments (Prior Year)	5.731	1.418	0.333	
Residual Equity Transfer		6.513	0.200	
Ending Fund Balance	\$ 16.002	\$ 10.332	\$ 11.047	\$ 7.239
Surplus as % of Disbursements	4.36%	2.62%	2.97%	1.87%

General Fund Expend. & Revenue Growth

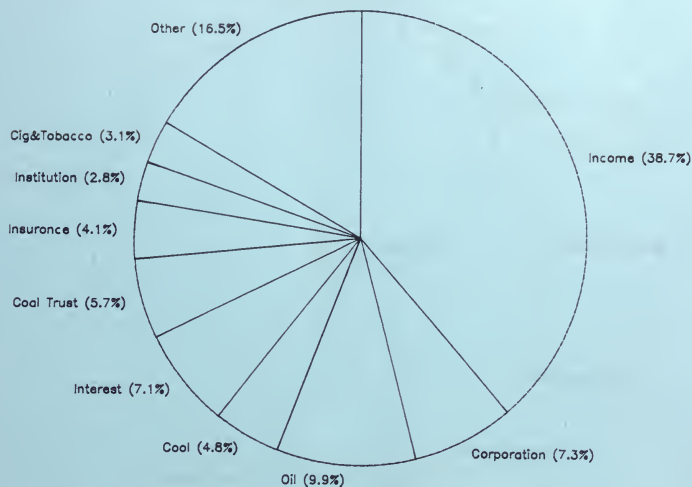
Fiscal Years 1973 to 1989



Fiscal Year	General Fund Revenue	General Fund Expenditures	Ending Fund Balance
1973	\$112,591,298	\$94,739,472	\$24,159,177
1974	\$131,756,688	\$115,543,830	\$40,820,358
1975	\$156,641,727	\$146,247,584	\$51,196,108
1976	\$166,345,790	\$166,340,893	\$50,454,406
1977	\$189,879,343	\$194,300,258	\$48,528,885
1978	\$203,244,550	\$218,093,767	\$33,621,817
1979	\$233,360,791	\$239,029,560	\$28,609,926
1980	\$250,183,133	\$238,167,938	\$42,218,231
1981	\$282,526,748	\$264,551,569	\$61,315,056
1982	\$320,143,925	\$347,901,270	\$34,386,832
1983	\$313,575,015	\$332,610,274	\$57,140,875
1984	\$330,305,497	\$357,387,046	\$35,097,000
1985	\$364,521,831	\$380,358,776	\$27,545,000
1986	\$349,541,480	\$366,815,431	\$16,002,000
1987	\$381,193,000	\$394,794,000	\$10,332,000
1988	\$372,634,000	\$372,452,000	\$11,047,000
1989	\$383,426,000	\$387,234,000	\$7,239,000

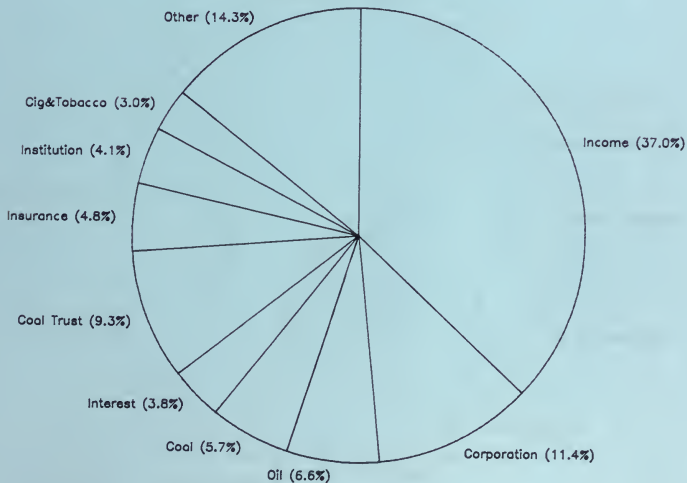
General Fund Revenue Analysis

Contribution by Source - FY 84



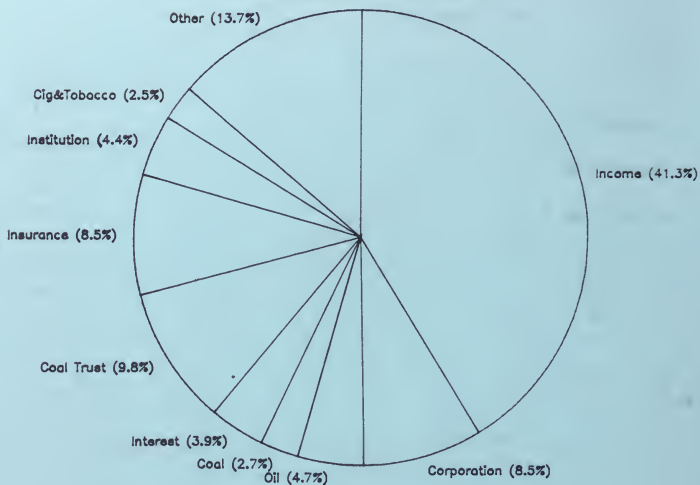
General Fund Revenue Analysis

Contribution by Source - FY 86



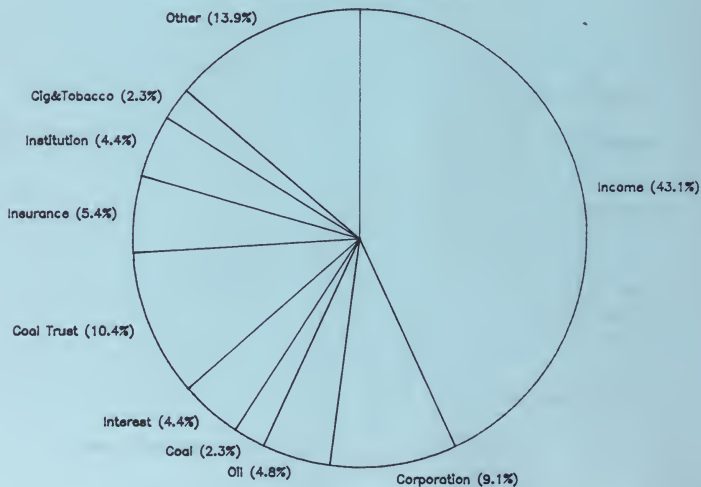
General Fund Revenue Analysis

Contribution by Source - FY 88



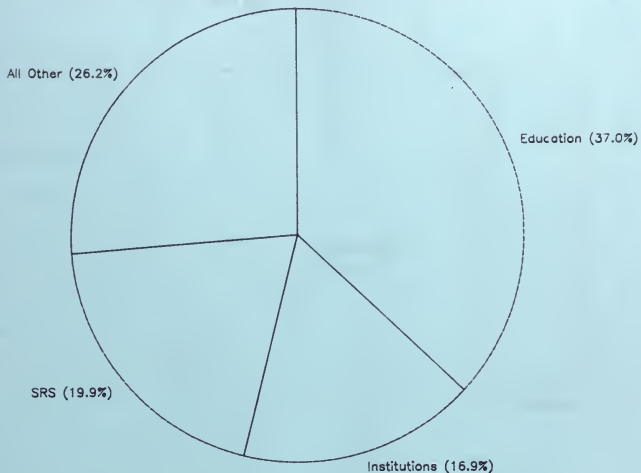
General Fund Revenue Analysis

Contribution by Source - FY 89



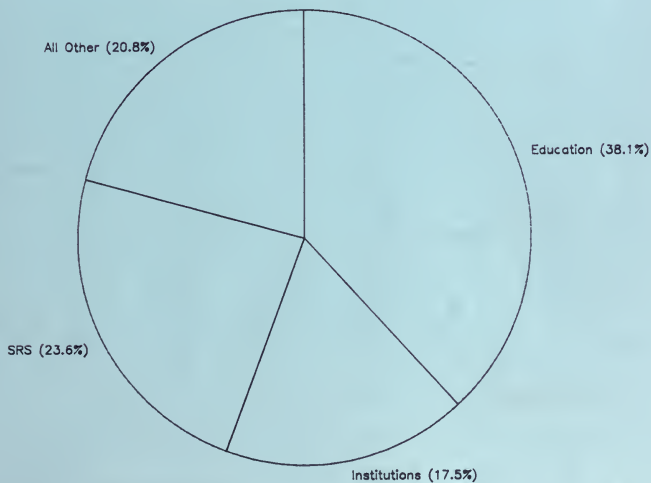
General Fund Expenditure Analysis

Fiscal Year 1986



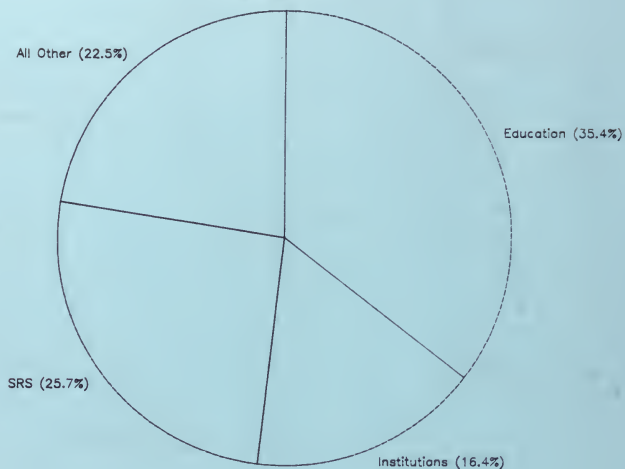
General Fund Expenditure Analysis

Fiscal Year 1987



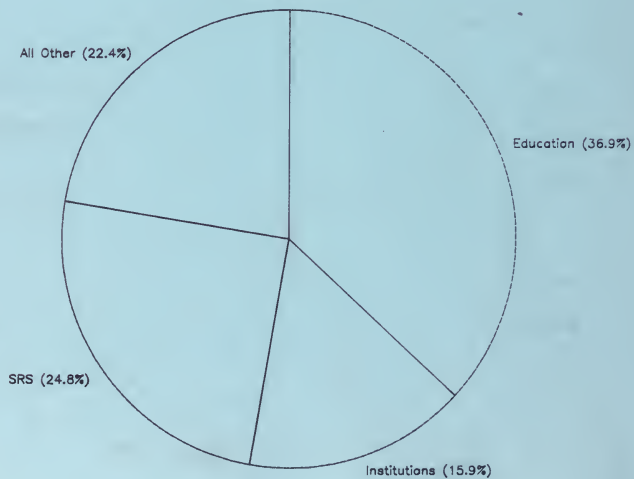
General Fund Expenditure Analysis

Fiscal Year 1988



General Fund Expenditure Analysis

Fiscal Year 1989



COMPARISON OF FULL-TIME EQUIVALENT (FTE) POSITIONS BY AGENCY

The level of FTE for state government is the lowest since 1975. Nearly 900 FTE have been eliminated as compared to the FY86 authorized level. The decline in FTE is even more dramatic when the new services that have been added in the past few years are considered. An additional 35 FTE are added due to the passage of the lottery initiative. Staffing the new forensics building at Warm Springs adds an additional 15 FTE in FY88 and a total of 30 FTE in FY89.

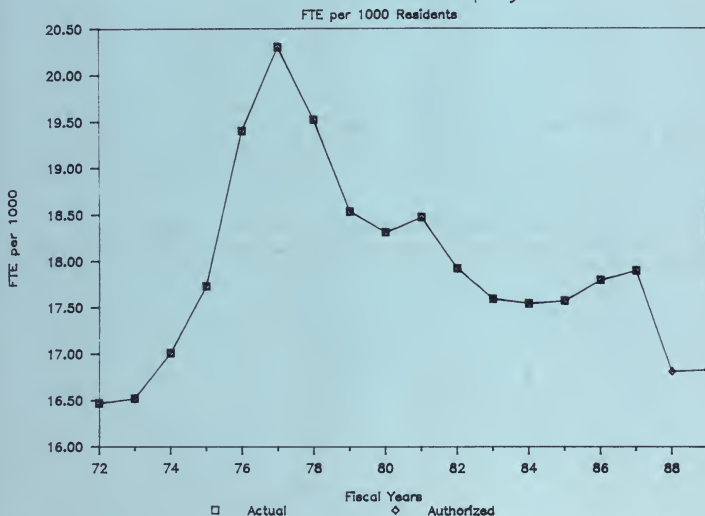
Over the past few legislative sessions state government has accepted the responsibility for services formerly outside of state government. Assumption of the Vo-Tech system in FY82 added 246 FTE to the state's payroll even though the level of service remained the same. Assumption of county welfare in the 12 "assumed counties" has added staff to SRS since 1983. Additional housing at the State Prison required the addition of 79 prison guards.

Despite these additions, the total number of state FTE has declined and the number of FTE per capita has declined significantly. The following graph depicts the number of state employees per 1000 residents.

State Employees (FTE)
Per 1000 Residents

FY	FTE	POPULATION	FTE PER 1000 RESIDENTS
72	11706.72	711,000	16.47
73	11880.17	719,000	16.52
74	12369.41	727,000	17.01
75	13047.48	736,000	17.73
76	14510.52	748,000	19.40
77	15370.17	757,000	20.30
78	15026.60	770,000	19.52
79	14488.23	782,000	18.53
80	14410.62	787,000	18.31
81	14550.72	788,000	18.47
82	14266.46	796,000	17.92
83	14156.49	805,000	17.59
84	14296.09	815,000	17.54
85	14459.07	823,000	17.57
86	14679.75	825,000	17.79
87	14654.46	819,000	17.89
88	13817.65	822,000	16.81
89	13884.01	825,000	16.83

State of Montana Employees



COMPARISON OF FULL-TIME EQUIVALENT (FTE)
POSITIONS BY AGENCY

State Agency	Actual	Approved	Approved	
	FY 86	FY 87	FY 88	FY 89
Administration	419.84	426.09	387.09	391.09
Agriculture	92.53	91.32	88.00	88.00
Arts Council	5.50	4.00	7.97	7.97
Auditor, State	60.17	60.00	62.50	62.50
Commerce	278.95	276.45	343.60	343.60
Deaf and Blind School	86.82	86.82	84.63	84.63
Fire Services Training	6.00	6.00	5.00	5.00
Fish, Wildlife and Parks	553.18	493.71	498.16	498.16
Governor's Office	64.08	63.08	60.40	60.90
Health and Environ Sc	240.79	241.25	247.09	246.84
Highways	2005.50	1985.75	1920.74	1931.14
Historical Society	55.50	51.00	47.38	47.38
Institutions	2274.11	2308.69	1993.25	2008.20
Justice	622.68	627.85	582.10	588.20
Labor and Industry	798.57	798.65	824.15	824.15
Lands	293.25	304.08	297.73	302.88
Legislative Agencies	131.50	146.50	132.95	143.20
Library Commission	26.60	25.50	27.50	27.50
Livestock	116.61	121.61	126.61	126.61
Military Affairs	91.23	91.00	96.50	96.50
Nat Resources and Conser	273.22	256.67	238.20	244.20
Political Practices, Com	4.75	4.75	3.00	3.00
Public Education, Bd of	2.00	2.00	3.00	3.00
Public Service Reg	46.00	46.00	46.00	46.00
Revenue	1029.88	1014.55	886.67	898.17
Secretary of State	35.00	31.50	27.50	27.50
Social and Rehab Serv	1112.20	1128.82	757.57	755.08
Supt of Public Instr	134.10	134.10	121.90	121.90
Supreme Court	91.24	91.00	91.50	90.50
University System	3474.61	3482.38	3002.51	3002.50
Vo Ed., Advisory Council	2.00	2.00	2.00	2.00
Vo-Tech Centers	251.34	251.34	249.57	249.57
Family Services	0.00	0.00	554.88	554.8
Totals	14679.75	14654.46	13817.65	13884.01
FTE/REPORT TO GOVERNOR	9826.36	9777.04	9495.12	9546.13
ALL OTHER	4853.39	4877.42	4322.53	4337.88

Notes:

Actual FY86 includes both current level positions and positions added via the budget admendment process.

Approved FY87 reflects current level FTE only as per the 49th Legislature. Approved FY88 and FY89 reflects current level FTE only as per the 50th Legislature.

BUDGET SUMMARY BY FUND

General Fund	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Legislative Auditor	1,094,232.96	1,068,819	1,111,141	1,102,793
Legislative Fiscal Analyst	739,438.94	721,386	862,552	788,773
Legislative Council	1,859,050.23	2,102,918	1,764,741	1,985,204
Legislature-Senate	291,297.82	0	0	0
Legislature-House	528,672.13	0	0	0
Envir Quality Council	228,391.76	223,375	243,618	239,609
Judiciary	4,223,720.17	4,193,301	4,264,413	4,241,703
Governor's Office	2,229,948.39	2,212,916	2,168,868	2,166,936
Secy of State's Office	861,920.45	859,387	519,057	521,931
Comm of Political Prac	139,651.73	135,584	102,311	100,063
State Auditor's Office	1,072,582.81	1,050,115	1,028,402	784,154
Ofc of Public Instruct	46,915,037.33	61,071,780	37,247,545	47,954,875
Crime Control Division	480,359.74	469,170	420,742	411,834
Highway Traffic Safety	0.00	0	277,200	302,400
Department of Justice	8,852,419.65	5,267,369	5,215,514	4,957,783
Public Service Regulation	1,591,501.64	0	1,769,247	1,679,762
Board of Public Education	105,670.09	99,801	177,541	178,509
Commissioner of Higher Ed	88,729,604.87	81,431,571	96,531,656	96,908,760
Sch For Deaf & Blind	2,639,471.06	2,060,846	2,064,753	2,062,057
Montana Arts Council	118,707.00	111,174	125,315	120,154
Library Commission	542,293.89	524,096	548,652	520,199
Historical Society	1,204,072.79	1,072,839	1,121,413	1,111,737
Board of Regents	22,585.50	22,292	190,951	28,008
Fire Svc Training Sch	227,941.06	213,777	199,392	199,440
Dept of Fish Wildf & Parks	405,052.81	0	0	0
Dept Hlth & Envir Sciences	3,853,776.54	3,350,205	4,273,548	3,588,021
Dept of State Lands	8,678,724.68	6,529,244	6,959,942	6,834,436
Department of Livestock	641,095.67	580,100	746,342	747,162
Dept of Nat Res & Conser	4,416,053.26	4,059,452	3,815,935	3,845,998
Department of Revenue	18,841,525.08	17,267,091	17,482,614	17,511,147
Department of Admin	16,073,522.42	3,710,496	3,857,082	3,650,505
Department of Agriculture	1,542,157.28	1,453,696	1,582,894	1,516,245
Department of Institutions	10,960,489.01	11,038,111	11,129,797	10,934,668
Mt Developmental Ctr	10,711,415.75	11,046,061	11,739,951	11,852,130
Center For The Aged	2,497,287.26	2,499,164	2,662,888	2,649,528
Eastmont Training Center	2,084,528.55	2,079,472	2,239,779	2,248,146
Mountain View School	1,661,606.49	1,541,345	0	0
Pine Hills School	2,594,333.63	2,707,216	0	0
Montana State Prison	10,410,158.62	11,792,935	12,735,624	12,965,505
Swan Rvr Yth Forest Camp	829,228.24	817,362	845,854	848,631
Veterans Home	441,336.40	484,554	542,000	552,504
Montana State Hospital	17,596,933.03	17,841,512	19,826,836	20,146,957
Board of Pardons	160,620.69	159,842	160,439	160,441
Mt Yth Treatment Ctr	2,095,064.74	1,201,832	0	0
Department of Commerce	9,350,978.18	14,729,721	5,166,141	4,732,206
Labor & Ind-Employ Svc	1,335,930.61	997,250	2,669,453	2,616,632
Labor & Ind-Wrks' Comp	99,977.91	100,791	69,582	64,583
Adjutant General	1,952,725.19	1,798,564	1,814,721	1,829,435
Dept Social & Rehab Svc	72,882,336.13	72,469,930	75,352,577	76,357,452
Department Of Family Svc	0.00	0	20,051,456	20,124,606
Supplemental Requests	0.00	24,107,013	1,461,000	1,019,000
Legislative Feed Bill	0.00	4,317,534	0	4,400,000
Reserve for Cont Approp	0.00	4,851,904	0	0
Adjustments	0.00	(632,134)	0	0
Appropriation Transfers	0.00	(5,356,246)	0	0
Misc Appropriations	0.00	5,180,558	0	0
Statutory Appropriations	0.00	15,767,821	13,810,006	14,171,725
2 Percent Cuts	0.00	(4,611,003)	0	0
Reversions	0.00	(4,000,000)	(6,500,000)	(6,500,000)
Total Appropriations	\$366,815,430.18	\$394,793,909	\$372,451,525	\$387,234,347

BUDGET SUMMARY BY FUND

State Special Revenue Fund	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Legislative Auditor	866,542.67	938,807	1,011,063	1,064,400
Legislative Council	316,618.02	0	987,391	0
Envir Quality Council	10,922.83	0	101,200	0
Consumer Counsel	461,315.67	852,691	845,716	844,336
Judiciary	424,663.88	568,604	487,656	487,739
Governor's Office	63,846.83	0	1,828,220	1,590,000
Secy of State's Office	322,855.69	309,835	577,480	532,231
Comm of Political Prac	48.00	950	800	4,800
State Auditor's Office	9,306,894.81	1,171,509	1,566,950	1,532,712
Ofc of Public Instruct	174,638,717.70	2,902,440	801,694	767,794
Crime Control Division	0.00	0	482,795	480,936
Highway Traffic Safety	70,790.93	68,194	72,000	72,000
Department of Justice	11,103,274.59	13,378,173	14,628,819	14,918,888
Public Svc Regulation	0.00	1,662,738	0	0
Comm Of Higher Ed	16,805,328.00	21,671,074	14,504,093	13,968,623
Montana Arts Council	530,716.35	0	1,222,217	0
Library Commission	528,390.61	423,866	429,461	418,979
Historical Society	188,366.97	0	0	0
Dept Of Fish Wildf & Parks	18,793,694.31	16,773,038	22,388,807	17,598,521
Dept Hlth & Envir Sciences	1,774,244.74	2,241,961	2,800,278	2,226,262
Department of Highways	183,387,074.13	152,048,344	129,229,829	130,407,443
Department Of State Lands	3,333,684.78	3,216,558	2,810,649	2,679,919
Department Of Livestock	3,223,950.83	3,576,256	3,566,156	3,579,203
Dept Of Nat Res & Conser	20,378,956.57	5,706,641	12,125,608	5,563,174
Department Of Revenue	12,737,905.59	880,288	1,297,951	1,171,994
Dept of Administration	1,162,125.96	895,448	866,833	859,579
Long Range Bldg Plan	1,211,670.26	0	0	0
Department Of Agriculture	793,603.76	1,120,773	1,424,812	1,291,224
Dept Of Institutions	1,885,453.63	331,597	347,085	327,700
Mt Developmental Ctr	28,607.96	20,324	13,626	13,626
Center For The Aged	3,959.26	7,735	9,735	9,735
Eastmont Training Ctr	2,932.64	3,000	4,000	4,000
Mountain View School	1,715.13	2,000	0	0
Pine Hills School	45,569.12	42,015	0	0
Montana State Prison	786,089.62	780,201	1,435,745	1,247,541
Swan Rvr Yth Forest Camp	79,010.99	74,794	86,383	86,617
Veterans Home	15,337.71	20,764	20,764	20,764
Montana State Hospital	1,720,309.91	1,713,608	1,740,583	1,729,533
Department of Commerce	25,922,289.77	22,122,306	14,088,964	13,785,514
Labor & Ind-Employ Svc	3,250.00	3,250	306,220	295,208
Labor & Ind-Wrks' Comp	7,773,879.26	7,388,959	8,289,679	8,464,439
Dept Social & Rehab Svc	7,779,510.37	7,956,887	8,216,515	8,545,383
Dept Of Family Svc	0.00	0	164,151	163,242
Total Appropriations	\$508,484,119.85	\$270,875,628	\$250,481,928	\$236,754,059

BUDGET SUMMARY BY FUND

Federal & Other Spec Rev Fund	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Judiciary	8,856.41	0	40,963	0
Governor's Office	504,028.05	778,315	438,651	438,774
State Auditor's Office	5,921,758.63	0	0	0
Ofc Of Public Instruct	5,784,275.73	6,436,474	4,893,730	4,795,075
Crime Control Division	652,834.19	82,500	2,189,599	2,232,651
Highway Traffic Safety	1,438,371.66	1,484,050	1,105,732	1,103,942
Department Of Justice	696,300.51	829,927	1,752,756	1,569,903
Public Svc Regulation	30,033.20	50,919	33,491	35,134
Comm of Higher Ed	1,155,079.30	1,570,591	4,632,159	4,683,642
Sch For Deaf & Blind	413,426.40	461,155	385,370	384,926
Montana Arts Council	417,550.00	392,798	401,850	401,377
Library Commission	748,481.31	609,005	768,977	742,722
Mt Cnel On Vocational	83,956.47	117,338	120,000	120,000
Historical Society	900,338.95	1,060,461	1,093,780	1,041,918
Board of Regents	0.00	0	1,454,690	0
Fire Svc Training School	12,500.00	2,000	2,000	2,000
Dept Of Fish Wldf & Parks	8,189,848.79	6,869,024	7,164,622	7,058,088
Dept Hlth & Evnr Sciences	16,347,547.03	17,843,893	22,419,684	23,655,690
Department Of Highways	129,073,261.09	114,992,701	95,897,753	95,300,954
Dept Of State Lands	6,922,694.16	9,860,437	8,735,417	8,666,871
Department of Livestock	526,627.15	588,000	234,400	231,900
Dept Of Nat Res & Con	1,221,384.39	1,201,354	13,827,487	1,297,292
Department of Revenue	1,363,383.52	1,560,191	1,444,152	1,955,688
Long Range Bldg Plan	176,652.67	0	0	0
Dept of Agriculture	858,194.23	1,370,219	1,688,601	1,729,827
Dept of Institutions	2,437,969.40	2,322,126	2,548,314	2,540,606
Mt Developmental Ctr	38,733.24	44,513	42,661	44,384
Mountain View School	105,796.10	66,332	0	0
Pine Hills School	539,785.92	489,191	0	0
Montana State Prison	125,541.38	91,292	157,137	129,102
Swan Rvr Yth Forest Camp	38,837.83	39,450	38,902	27,898
Veterans Home	1,367,647.52	1,393,515	1,636,773	1,650,215
Montana State Hospital	5,985.77	5,103	3,775	3,775
Mt Yth Treatment Ctr	38,000.16	41,555	0	0
Department of Commerce	18,174,083.46	17,894,707	19,847,351	18,324,820
Labor & Ind-Employ Svc	25,782,560.62	25,768,825	26,561,075	26,920,314
Labor & Ind-Wrks' Comp	124,029.98	222,981	124,449	124,876
Adjutant General	3,744,107.01	1,834,842	4,609,832	4,647,343
Dept Social & Rehab Svc	151,353,372.48	154,584,902	188,743,931	200,775,554
Dept Of Family Svc	0.00	0	10,553,258	10,575,764
Total Appropriations	\$387,323,834.71	\$372,960,686	\$425,593,322	\$423,213,025

BUDGET SUMMARY BY FUND

Proprietary Fund	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Governor's Office	73,750.00	73,750	0	0
State Auditor's Office	0.00	0	0	0
Department Of Justice	459,234.44	436,046	493,140	493,454
Public Svc Regulation	8,700.67	15,000	15,000	15,000
Comm Of Higher Ed	0.00	0	8,739,609	9,205,338
Historical Society	430,152.94	361,909	486,087	519,880
Fire Svc Training Sch	1,620.31	12,000	12,000	12,000
Dept Of Fish Wildf & Parks	1,720,136.87	2,193,510	2,184,081	2,347,155
Department Of Highways	14,453,261.21	13,908,005	16,498,027	16,465,568
Dept Of State Lands	198,261.67	176,584	191,781	190,319
Department Of Revenue	47,306,291.07	49,474,740	6,164,739	6,136,550
Dept Of Administration	44,384,648.61	29,120,603	29,325,563	29,493,748
Long Range Bldg Plan	22,110.66	0	0	0
Dept Of Agriculture	79,329.20	146,189	33,289	33,490
Dept Of Institutions	0.00	0	6,278	0
Montana State Prison	1,912,860.37	2,385,063	2,128,370	2,201,218
Mt Yth Treatment Ctr	8,013.62	28,065	0	0
Department Of Commerce	58,516,124.89	3,478,385	30,570,832	30,537,647
Labor & Ind-Employ Svc	1,309.00	3,500	2,622,203	2,540,749
Total Appropriations	\$169,575,805.53	\$101,813,349	\$99,470,999	\$100,192,116

BUDGET SUMMARY BY FUND

Current Unrestricted Fund	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Billings Vo Tech	2,000,732.10	1,736,993	1,687,615	1,677,076
Butte Vo Tech	1,582,840.86	1,349,012	1,378,791	1,364,903
Great Falls Vo Tech	1,738,346.10	1,445,418	1,444,793	1,433,211
Helena Vo Tech	2,389,881.97	2,092,055	2,100,932	2,090,012
Missoula Vo Tech	2,604,302.31	1,971,389	1,935,938	1,929,783
University of Montana	35,956,559.36	35,612,295	36,600,144	36,740,503
Mt State University	45,127,771.43	44,635,258	44,248,373	43,837,953
Mt College Min Sc & Tech	10,286,487.19	10,238,012	9,604,307	9,625,467
Eastern Montana College	13,779,826.98	13,735,246	13,362,197	13,428,017
Northern Mt College	7,567,829.10	7,566,514	7,864,954	7,989,425
Western Mt College	3,920,189.29	3,960,578	4,389,174	4,343,768
Ag Exper Station	8,559,556.70	9,105,023	8,589,225	8,641,392
Coop Extension Svc	4,016,842.82	4,236,089	4,355,652	4,363,435
Forestry & Cons Exper St	671,812.05	645,309	643,535	644,954
Total Appropriations	\$140,202,978.26	\$138,329,191	\$138,205,630	\$138,109,899

AGENCY BUDGET SUMMARY

	APPROPRIATED FY 1988	APPROPRIATED FY 1989	BIENN IUM
LEGISLATIVE AUDITOR			
AUDIT & EXAMINATION PROGRAM			
General Fund	1,111,141	1,102,793	2,213,934
State Special Revenue Fund	1,011,063	1,064,400	2,075,463
TOTAL AGENCY FUNDING	2,122,204	2,167,193	4,289,397
LEGISLATIVE FISCAL ANALYST			
ANALYSIS AND REVIEW			
General Fund	862,552	788,773	1,651,325
TOTAL AGENCY FUNDING	862,552	788,773	1,651,325
LEGISLATIVE COUNCIL			
INTERIM STUDIES & CONFERENCES			
General Fund	175,311	44,611	219,922
State Special Revenue Fund	12,000		12,000
MONTANA CODE ANNOTATED			
State Special Revenue Fund	975,391		975,391
LEGISLATIVE COUNCIL			
General Fund	1,589,430	1,940,593	3,530,023
AGENCY FUNDING SUMMARY			
General Fund	1,764,741	1,985,204	3,749,945
State Special Revenue Fund	987,391		987,391
TOTAL AGENCY FUNDING	2,752,132	1,985,204	4,737,336
ENVIRONMENTAL QUALITY COUNCIL			
ENVIRONMENTAL QUALITY PROGRAM			
General Fund	243,618	239,609	483,227
WATER POLICY COMMITTEE			
State Special Revenue Fund	101,200		101,200
AGENCY FUNDING SUMMARY			
General Fund	243,618	239,609	483,227
State Special Revenue Fund	101,200		101,200
TOTAL AGENCY FUNDING	344,818	239,609	584,427
CONSUMER COUNSEL			
ADMINISTRATION PROGRAM			
State Special Revenue Fund	845,716	844,336	1,690,052
TOTAL AGENCY FUNDING	845,716	844,336	1,690,052
JUDICIARY			
SUPREME COURT OPERATIONS			
General Fund	1,330,278	1,311,767	2,642,045
BOARDS AND COMMISSIONS			
General Fund	182,919	181,623	364,542
LAW LIBRARY			
General Fund	511,307	502,114	1,013,421
State Special Revenue Fund	18,075	18,075	36,150
Other Special Revenue Fund	40,963		40,963
DISTRICT COURT OPERATIONS			
General Fund	2,239,909	2,246,199	4,486,108
WATER COURTS SUPERVISION			
State Special Revenue Fund	469,581	469,664	939,245
AGENCY FUNDING SUMMARY			
General Fund	4,264,413	4,241,703	8,506,116
State Special Revenue Fund	487,656	487,739	975,395
Other Special Revenue Fund	40,963		40,963
TOTAL AGENCY FUNDING	4,793,032	4,729,442	9,522,474
GOVERNORS OFFICE			
EXECUTIVE OFFICE PROGRAM			
General Fund	957,920	919,028	1,876,948
State Special Revenue Fund	90,000	90,000	180,000
Other Special Revenue Fund	121,613	121,619	243,232
MANSION MAINTENANCE PROGRAM			
General Fund	60,639	61,602	122,241

AGENCY BUDGET SUMMARY

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	APPROPRIATED FY 1988	APPROPRIATED FY 1989	BIENNium
AIR TRANSPORTATION PROGRAM			
General Fund	95,748	99,224	194,972
OFFICE OF BDGET & PGM PLANNING			
General Fund	676,417	708,984	1,385,401
NORTHWEST REGIONAL POWER ACT			
Other Special Revenue Fund	317,038	317,155	634,193
LT. GOVERNOR			
General Fund	201,238	201,244	402,482
CITIZENS ADVOCATE OFFICE			
General Fund	47,627	47,570	95,197
MENTAL DIS BD VISITORS			
General Fund	129,279	129,284	258,563
STATEHOOD CENTENNIAL OFFICE			
State Special Revenue Fund	1,738,220	1,500,000	3,238,220
AGENCY FUNDING SUMMARY			
General Fund	2,168,868	2,166,936	4,335,804
State Special Revenue Fund	1,828,220	1,590,000	3,418,220
Other Special Revenue Fund	438,651	438,774	877,425
TOTAL AGENCY FUNDING	4,435,739	4,195,710	8,631,449
SECRETARY OF STATE'S OFFICE			
RECORDS MANAGEMENT PROGRAM			
General Fund	519,057	521,931	1,040,988
State Special Revenue Fund	383,930	379,136	763,066
ADMINISTRATIVE CODE PROGRAM			
State Special Revenue Fund	193,550	153,095	346,645
AGENCY FUNDING SUMMARY			
General Fund	519,057	521,931	1,040,988
State Special Revenue Fund	577,480	532,231	1,109,711
TOTAL AGENCY FUNDING	1,096,537	1,054,162	2,150,699
COMMISSIONER OF POLITICAL PRAC			
ADMINISTRATION			
General Fund	102,311	100,063	202,374
State Special Revenue Fund	800	4,800	5,600
TOTAL AGENCY FUNDING	103,111	104,863	207,974
STATE AUDITOR'S OFFICE			
CENTRAL MANAGEMENT			
General Fund	241,103	238,039	479,142
AUDIT DIVISION			
General Fund	787,299	546,115	1,333,414
State Special Revenue Fund	441,174	430,584	871,758
INSURANCE			
State Special Revenue Fund	839,182	823,614	1,662,796
SECURITIES			
State Special Revenue Fund	286,594	278,514	565,108
AGENCY FUNDING SUMMARY			
General Fund	1,028,402	784,514	1,812,556
State Special Revenue Fund	1,566,950	1,532,712	3,099,662
TOTAL AGENCY FUNDING	2,595,352	2,316,866	4,912,218
OFFICE OF PUBLIC INSTRUCTION			
CHIEF STATE SCHOOL OFFICER			
General Fund	124,190	124,062	248,252
Other Special Revenue Fund	21,568	13,068	34,636
BASIC SKILLS			
General Fund	853,468	855,549	1,709,017
State Special Revenue Fund	237,905	237,945	475,849
Other Special Revenue Fund	122,514	122,651	245,165
VOCATIONAL EDUCATION			
General Fund	178,167	177,974	356,141
Other Special Revenue Fund	274,085	274,044	548,129
ADMINISTRATIVE SERVICES			
General Fund	887,717	852,423	1,740,140
State Special Revenue Fund	416,266	416,149	832,415
Other Special Revenue Fund	617,759	617,920	1,235,679

AGENCY BUDGET SUMMARY

	APPROPRIATED FY 1988	APPROPRIATED FY 1989	BIENN IUM
SPECIAL SERVICES			
General Fund	441,688	441,588	883,276
Other Special Revenue Fund	1,332,804	1,332,392	2,665,196
DISTRIBUTION TO PUBLIC SCHOOLS			
General Fund	34,762,315	45,503,279	80,265,594
State Special Revenue Fund	147,523	113,701	261,224
Other Special Revenue Fund	2,525,000	2,435,000	4,960,000
AGENCY FUNDING SUMMARY			
General Fund	37,247,545	47,954,875	85,202,420
State Special Revenue Fund	801,694	767,794	1,569,488
Other Special Revenue Fund	4,893,730	4,795,075	9,688,805
TOTAL AGENCY FUNDING	42,942,969	53,517,744	96,460,713
BILLING VO TECH			
INSTRUCTION			
Current Unrestricted Fund	1,015,711	1,015,711	2,031,422
PLANT OPERATION & MAINTENANCE			
Current Unrestricted Fund	266,439	275,198	541,637
SUPPORT			
Current Unrestricted Fund	405,465	386,167	791,632
AGENCY FUNDING SUMMARY			
Current Unrestricted Fund	1,687,615	1,677,076	3,364,691
TOTAL AGENCY FUNDING	1,687,615	1,677,076	3,364,691
BUTTE VO TECH			
INSTRUCTION			
Current Unrestricted Fund	844,684	844,684	1,689,368
PLANT OPERATION & MAINTENANCE			
Current Unrestricted Fund	164,519	169,934	334,453
SUPPORT			
Current Unrestricted Fund	369,588	350,285	719,873
AGENCY FUNDING SUMMARY			
Current Unrestricted Fund	1,378,791	1,364,903	2,743,694
TOTAL AGENCY FUNDING	1,378,791	1,364,903	2,743,694
GREAT FALLS VO TECH			
INSTRUCTION			
Current Unrestricted Fund	866,816	866,816	1,733,632
PLANT OPERATION & MAINTENANCE			
Current Unrestricted Fund	181,537	189,254	370,791
SUPPORT			
Current Unrestricted Fund	396,440	377,141	773,581
AGENCY FUNDING SUMMARY			
Current Unrestricted Fund	1,444,793	1,433,211	2,878,004
TOTAL AGENCY FUNDING	1,444,793	1,433,211	2,878,004
HELENA VO TECH			
INSTRUCTION			
Current Unrestricted Fund	1,353,744	1,353,744	2,707,488
PLANT OPERATION & MAINTENANCE			
Current Unrestricted Fund	313,032	320,333	633,365
SUPPORT			
Current Unrestricted Fund	434,156	415,935	850,091
AGENCY FUNDING SUMMARY			
Current Unrestricted Fund	2,100,932	2,090,012	4,190,944
TOTAL AGENCY FUNDING	2,100,932	2,090,012	4,190,944
MISSOULA VO TECH			
INSTRUCTION			
Current Unrestricted Fund	1,208,873	1,208,873	2,417,746
PLANT OPERATION & MAINTENANCE			
Current Unrestricted Fund	287,728	299,793	587,521
SUPPORT			
Current Unrestricted Fund	439,337	421,117	860,454
AGENCY FUNDING SUMMARY			
Current Unrestricted Fund	1,935,938	1,929,783	3,865,721

AGENCY BUDGET SUMMARY

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	APPROPRIATED FY 1988	APPROPRIATED FY 1989	BIENNIUM
TOTAL AGENCY FUNDING	1,935,938	1,929,783	3,865,721
CRIME CONTROL DIVISION			
BOARD OF CRIME CONTROL			
General Fund	420,742	411,834	832,576
State Special Revenue Fund	482,795	480,936	963,731
Other Special Revenue Fund	2,189,599	2,232,651	4,422,250
TOTAL AGENCY FUNDING	3,093,136	3,125,421	6,218,557
HIGHWAY TRAFFIC SAFETY			
HIGHWAY TRAFFIC SAFETY DIV			
General Fund	277,200	302,400	579,600
State Special Revenue Fund	72,000	72,000	144,000
Other Special Revenue Fund	1,105,732	1,103,942	2,209,674
TOTAL AGENCY FUNDING	1,454,932	1,478,342	2,933,274
DEPARTMENT OF JUSTICE			
LEGAL SERVICES DIVISION			
General Fund	778,653	775,185	1,553,838
State Special Revenue Fund	22,035	21,890	43,925
INDIAN LEGAL JURISDICTION			
General Fund	165,579	65,657	231,236
COUNTY PROSECUTOR SERVICES			
General Fund	135,181	135,334	270,515
AGENCY LEGAL SERVICES			
Proprietary Fund	492,562	493,454	986,016
DRIVER SERVICES BUREAU			
General Fund	1,897,971	1,756,674	3,654,645
State Special Revenue Fund	446,207	650,953	1,097,260
Other Special Revenue Fund	275,000	145,000	420,000
HIGHWAY PATROL DIVISION			
State Special Revenue Fund	9,653,646	9,735,252	19,388,898
Other Special Revenue Fund	623,711	582,511	1,206,222
REGISTRAR'S BUREAU			
State Special Revenue Fund	1,993,923	2,064,472	4,058,395
Other Special Revenue	86,000	60,000	146,000
LAW ENFORCEMENT SERVICES DIV			
General Fund	78,662	77,884	156,546
COUNTY ATTORNEY PAYROLL			
General Fund	924,317	937,463	1,861,780
LAW ENFORCEMENT ACADEMY DIV			
State Special Revenue Fund	625,791	644,256	1,270,047
FIRE MARSHAL BUREAU			
General Fund	318,327	319,335	637,662
IDENTIFICATION BUREAU			
General Fund	236,734	233,088	469,822
CRIMINAL INVESTIGATION BUREAU			
General fund	180,805	165,527	346,332
Other Special Revenue Fund	116,616	102,348	218,964
SPECIAL INVESTIGATION SECTION			
State Special Revenue Fund	145,864	129,136	275,000
Other Special Revenue Fund	649,832	680,044	1,329,876
CENTRAL SERVICES DIVISION			
General Fund	351,964	344,299	696,263
State Special Revenue Fund	33,603	11,826	45,429
Other Special Revenue Fund	1,597		1,597
Proprietary Fund	578		578
DATA PROCESSING DIVISION			
State Special Revenue Fund	891,851	888,503	1,780,354
EXTRADITION & TRANSP PRISONERS			
General Fund	147,321	147,337	294,658
FORENSIC SCIENCE DIVISION			
State Special Revenue Fund	815,799	772,600	1,588,399
AGENCY FUNDING SUMMARY			
General Fund	5,215,514	4,957,783	10,173,297
State Special Revenue Fund	14,628,819	14,918,888	29,547,707
Other Special Revenue Fund	1,752,756	1,569,903	3,322,659

AGENCY BUDGET SUMMARY

	APPROPRIATED FY 1988	APPROPRIATED FY 1989	BIENNIIUM
Proprietary Fund	493,140	493,454	986,594
TOTAL AGENCY FUNDING	22,090,229	21,940,028	44,030,257
PUBLIC SERVICE REGULATION			
PUBLIC SERVICE REGULATION PROG			
General Fund	1,769,247	1,679,762	3,449,009
Other Special Revenue Fund	33,491	35,134	68,625
Proprietary Fund	15,000	15,000	30,000
TOTAL AGENCY FUNDING	1,817,738	1,729,896	3,547,634
BOARD OF PUBLIC EDUCATION			
ADMINISTRATION			
General Fund	177,541	178,509	356,050
TOTAL AGENCY FUNDING	177,541	178,509	356,050
COMMISSIONER OF HIGHER ED			
ADMINISTRATION PROGRAM			
General Fund	802,138	774,104	1,576,242
STUDENT ASSISTANCE PROGRAM			
General Fund	3,726,938	3,996,510	7,723,448
State Special Revenue Fund	683,164	254,329	937,493
Other Special Revenue Fund	260,000	260,000	520,000
ED. FOR ECON. SECURITY GRANT			
Other Special Revenue Fund	58,000	58,000	116,000
COMMUNITY COLLEGE ASSISTANCE			
General Fund	3,051,014	3,041,798	6,092,812
MUS GROUP INSURANCE PROGRAM			
Proprietary Fund	8,739,609	9,205,338	17,944,947
TALENT SEARCH			
Other Special Revenue Fund	174,354	173,617	347,971
VO-TECH APPROP DISTRIBUTION			
General Fund	5,059,241	5,077,942	10,137,183
State Special Revenue Fund	956,729	808,294	1,765,023
Other Special Revenue Fund	807,474	807,474	1,614,948
VO-TECH ADMINISTRATION			
General Fund	82,319	93,165	175,484
Other Special Revenue Fund	2,478,319	2,478,165	4,956,484
APPROPRIATION DISTRIBUTION			
General Fund	83,810,006	83,925,241	167,735,247
State Special Revenue Fund	12,864,200	12,996,000	25,770,200
GUARANTEED STUDENT LOAN PGM			
Other Special Revenue Fund	854,012	906,386	1,760,398
AGENCY FUNDING SUMMARY			
General Fund	96,531,656	96,908,760	193,440,416
State Special Revenue Fund	14,504,093	13,968,623	28,472,716
Other Special Revenue Fund	4,632,159	4,683,642	9,315,801
Proprietary Fund	8,739,609	9,205,338	17,944,947
TOTAL AGENCY FUNDING	124,407,517	124,766,363	249,173,880
UNIVERSITY OF MONTANA			
INSTRUCTION			
Current Unrestricted Fund	19,143,786	19,203,709	38,347,495
ORGANIZED RESEARCH			
Current Unrestricted Fund	595,254	446,534	1,041,788
PUBLIC SERVICE			
Current Unrestricted Fund	195,892	195,904	391,796
OPERATION & MAINT OF PLANT			
Current Unrestricted Fund	5,388,983	5,530,823	10,919,806
SCHOLARSHIPS & FELLOWSHIPS PGM			
Current Unrestricted Fund	983,741	985,218	1,968,959
SUPPORT			
Current Unrestricted Fund	10,292,488	10,378,315	20,670,803
AGENCY FUNDING SUMMARY			
Current Unrestricted Fund	36,600,144	36,746,503	73,340,647
TOTAL AGENCY FUNDING	36,600,144	36,740,503	73,340,647
MONTANA STATE UNIVERSITY			
INSTRUCTION			

AGENCY BUDGET SUMMARY

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	APPROPRIATED FY 1988	APPROPRIATED FY 1989	BIENNIIUM
Current Unrestricted Fund	24,865,107	24,491,863	49,356,970
ORGANIZED RESEARCH			
Current Unrestricted Fund	597,925	597,925	1,195,850
PUBLIC SERVICE			
Current Unrestricted Fund	10,300	10,300	20,600
OPERATION & MAINT OF PLANT			
Current Unrestricted Fund	5,503,085	5,696,322	11,199,407
SCHOLARSHIPS & FELLOWSHIPS PGM			
Current Unrestricted Fund	1,125,273	1,106,723	2,231,996
SUPPORT			
Current Unrestricted Fund	12,146,683	11,934,820	24,081,503
AGENCY FUNDING SUMMARY			
Current Unrestricted Fund	44,248,373	43,837,953	88,086,326
TOTAL AGENCY FUNDING	44,248,373	43,837,953	88,086,326
MONT COLLEGE OF MIN SC & TECH			
INSTRUCTION			
Current Unrestricted Fund	4,078,148	4,085,074	8,163,222
ORGANIZED RESEARCH			
Current Unrestricted Fund	43,718	43,747	87,465
OPERATION & MAINT OF PLANT			
Current Unrestricted Fund	1,595,053	1,626,140	3,221,193
SCHOLARSHIPS & FELLOWSHIPS PGM			
Current Unrestricted Fund	202,189	202,189	404,378
INDEPENDENT OPERATIONS			
Current Unrestricted Fund	1,285,850	1,286,523	2,572,373
SUPPORT			
Current Unrestricted Fund	2,399,349	2,381,794	4,781,143
AGENCY FUNDING SUMMARY			
Current Unrestricted Fund	9,604,307	9,625,467	19,229,774
TOTAL AGENCY FUNDING	9,604,307	9,625,467	19,229,774
EASTERN MONTANA COLLEGE			
INSTRUCTION			
Current Unrestricted Fund	6,602,051	6,612,129	13,214,180
PUBLIC SERVICE			
Current Unrestricted Fund	231,435	231,447	462,882
OPERATION & MAINT OF PLANT			
Current Unrestricted Fund	2,030,343	2,084,794	4,115,137
SCHOLARSHIPS & FELLOWSHIPS PGM			
Current Unrestricted Fund	353,209	353,099	706,308
SUPPORT			
Current Unrestricted Fund	4,145,159	4,146,548	8,291,707
AGENCY FUNDING SUMMARY			
Current Unrestricted Fund	13,362,197	13,428,017	26,790,214
TOTAL AGENCY FUNDING	13,362,197	13,428,017	26,790,214
NORTHERN MONTANA COLLEGE			
INSTRUCTION			
Current Unrestricted Fund	4,276,792	4,354,686	8,631,478
PUBLIC SERVICE			
Current Unrestricted Fund	8,891	8,891	17,782
OPERATION & MAINT OF PLANT			
Current Unrestricted Fund	1,121,444	1,146,577	2,268,021
SCHOLARSHIPS & FELLOWSHIPS PGM			
Current Unrestricted Fund	274,815	271,722	546,537
SUPPORT			
Current Unrestricted Fund	2,183,012	2,207,549	4,390,561
AGENCY FUNDING SUMMARY			
Current Unrestricted Fund	7,864,954	7,989,425	15,854,379
TOTAL AGENCY FUNDING	7,864,954	7,989,425	15,854,379
WESTERN MONTANA COLLEGE			
INSTRUCTION			
Current Unrestricted Fund	2,368,994	2,344,394	4,713,388
OPERATION & MAINT OF PLANT			

AGENCY BUDGET SUMMARY

	APPROPRIATED FY 1988	APPROPRIATED FY 1989	BIENNIAL
Current Unrestricted Fund	735,177	750,530	1,485,707
SCHOLARSHIPS & FELLOWSHIPS PGM			
Current Unrestricted Fund	83,472	82,469	165,941
SUPPORT			
Current Unrestricted Fund	1,201,531	1,166,375	2,367,906
AGENCY FUNDING SUMMARY			
Current Unrestricted Fund	4,389,174	4,343,768	8,732,942
TOTAL AGENCY FUNDING	4,389,174	4,343,768	8,732,942
AGRICULTURAL EXPER STATION			
AG EXPERIMENT STATION			
Current Unrestricted Fund	8,203,271	8,255,438	16,458,709
US RANGE STATION			
Current Unrestricted Fund	385,954	385,954	771,908
AGENCY FUNDING SUMMARY			
Current Unrestricted Fund	8,589,225	8,641,392	17,230,617
TOTAL AGENCY FUNDING	8,589,225	8,641,392	17,230,617
COOPERATIVE EXTENSION SERVICE			
COOPERATIVE EXTENSION SERVICE			
Current Unrestricted Fund	4,355,652	4,363,435	8,719,087
TOTAL AGENCY FUNDING	4,355,652	4,363,435	8,719,087
FORESTRY & CONS EXPR STATION			
RESEARCH			
Current Unrestricted Fund	643,535	644,954	1,288,489
TOTAL AGENCY FUNDING	643,535	644,954	1,288,489
SCHOOL FOR THE DEAF & BLIND			
ADMINISTRATION PROGRAM			
General Fund	197,893	179,838	377,731
GENERAL SERVICES PROGRAM			
General Fund	248,725	259,536	508,261
STUDENT SERVICES			
General Fund	686,096	691,805	1,377,901
Other Special Revenue Fund	35,000	35,000	70,000
EDUCATION			
General Fund	932,039	930,878	1,862,917
Other Special Revenue Fund	350,370	349,926	700,296
AGENCY FUNDING SUMMARY			
General Fund	2,064,753	2,062,057	4,126,810
Other Special Revenue Fund	385,380	384,926	770,296
TOTAL AGENCY FUNDING	2,450,123	2,446,983	4,897,106
MONTANA ARTS COUNCIL			
PROMOTION OF THE ARTS			
General Fund	125,315	120,154	245,469
State Special Revenue Fund	1,222,217		1,222,217
Other Special Revenue Fund	401,850	401,377	803,277
TOTAL AGENCY FUNDING	1,749,382	521,531	2,270,913
LIBRARY COMMISSION			
REFERENCE/INFORMATION SERVICES			
General Fund	548,652	520,199	1,068,851
State Special Revenue Fund	299,000	311,000	610,000
Other Special Revenue Fund	762,477	720,085	1,482,562
NATURAL RESOURCES/HERITAGE			
State Special Revenue Fund	130,461	107,979	238,440
Other Special Revenue Fund	6,500	22,637	29,137
AGENCY FUNDING SUMMARY			
General Fund	548,652	520,199	1,068,851
State Special Revenue Fund	429,461	418,979	848,440
Other Special Revenue Fund	768,977	742,722	1,511,699
TOTAL AGENCY FUNDING	1,747,090	1,681,900	3,428,990
MONTANA COUNCIL ON VOCATIONAL			
ADMINISTRATION PROGRAM			
Other Special Revenue Fund	120,000	120,000	240,000

AGENCY BUDGET SUMMARY

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	APPROPRIATED FY 1988	APPROPRIATED FY 1989	BIENNIUM
TOTAL AGENCY FUNDING	120.000	120.000	240.000
HISTORICAL SOCIETY			
ADMINISTRATION PROGRAM			
General Fund	439.873	431.418	871.291
Other Special Revenue Fund	59.810	59.926	119.736
LIBRARY PROGRAM			
General Fund	154.194	154.151	308.345
Other Special Revenue Fund	26.074	16.074	42.148
MUSEUM PROGRAM			
General Fund	207.379	207.342	414.721
Other Special Revenue Fund	165.442	131.304	296.746
MAGAZINE PROGRAM			
General Fund	41.320	41.320	82.640
Proprietary Fund	486.087	519.880	1,005.967
PHOTOGRAPH ARCHIVES PROGRAM			
General Fund	81.319	81.961	163.280
Other Special Revenue Fund	22.600	17.000	39.600
HIST SITES PRESERVATION PROG			
General Fund	66.379	64.359	130.738
Other Special Revenue Fund	763.805	761.630	1,525.435
ARCHIVES PROGRAM			
General Fund	130.949	131.186	262.135
Other Special Revenue Fund	2.500	2.500	5.000
EDUCATION PROGRAM			
Other Special Revenue Fund	53.549	53.484	107.033
AGENCY FUNDING SUMMARY			
General Fund	1,121.413	1,111.737	2,233.150
Other Special Revenue Fund	1,093.780	1,041.918	2,135.698
Proprietary Fund	486.087	519.880	1,005.967
TOTAL AGENCY FUNDING	2,701.280	2,673.535	5,374.815
BOARD OF REGENTS			
ADMINISTRATION PROGRAM			
General Fund	190.951	28.008	218.959
Other Special Revenue Fund	1,454.690		1,454.690
TOTAL AGENCY FUNDING	1,645.641	28.008	1,673.649
FIRE SERVICES TRAINING SCHOOL			
FIRE SERVICES TRAINING SCHOOL			
General Fund	199.392	199.440	398.832
Other Special Revenue Fund	2.000	2.000	4.000
Proprietary Fund	12.000	12.000	24.000
TOTAL AGENCY FUNDING	213.392	213.440	426.832
DEPT. OF FISH, WILDLIFE & PARKS			
CENTRALIZED SERVICES DIVISION			
State Special Revenue Fund	1,857.509	1,867.282	3,724.791
Other Special Revenue Fund	303.235	294.821	598.056
Proprietary Fund	1,910.736	2,081.686	3,992.422
FIELD SERVICES DIVISION			
State Special Revenue Fund	1,919.537	1,762.237	3,681.774
Other Special Revenue Fund	319,267	307,326	626,593
FISHERIES DIVISION			
State Special Revenue Fund	2,806.308	2,782.335	5,588.643
Other Special Revenue Fund	2,200,267	2,120,844	4,321,111
LAW ENFORCEMENT DIVISION			
State Special Revenue Fund	3,702.088	3,703.724	7,405,812
Other Special Revenue Fund	154,621	154,632	309,253
WILDLIFE DIVISION			
State Special Revenue Fund	7,264.150	2,627.810	9,891.960
Other Special Revenue Fund	3,421.873	3,421,891	6,843,764
RECREATION & PARKS DIVISION			
State Special Revenue Fund	2,947.038	2,932,286	5,879,324
Other Special Revenue Fund	445,000	445,000	890,000
Proprietary Fund	273,345	265,469	538,814
CONSERVATION EDUCATION DIV			

AGENCY BUDGET SUMMARY

	APPROPRIATED FY 1988	APPROPRIATED FY 1989	BIENN'IUM
State Special Revenue Fund	1,111,104	1,088,942	2,200,046
Other Special Revenue Fund	139,525	139,525	279,050
ADMINISTRATION			
State Special Revenue Fund	781,073	833,905	1,614,978
Other Special Revenue Fund	180,834	174,049	354,883
AGENCY FUNDING SUMMARY			
State Special Revenue Fund	22,338,807	17,598,521	39,937,328
Other Special Revenue Fund	7,164,622	7,058,088	14,222,710
Proprietary Fund	2,184,081	2,347,155	4,531,236
TOTAL AGENCY FUNDING	31,737,510	27,003,764	58,741,274
DEPT HEALTH & ENVIRON SCIENCES			
DIRECTOR'S OFFICE			
General Fund	336,017	335,757	671,774
State Special Revenue Fund	200,000		200,000
Other Special Revenue Fund	93,809	82,725	176,534
CENTRAL SERVICES			
General Fund	884,202	776,763	1,660,965
State Special Revenue Fund	705,043	495,601	1,200,644
Other Special Revenue Fund	570,102	569,281	1,139,383
ENVIRONMENTAL SCIENCES			
General Fund	843,173	791,887	1,635,060
State Special Revenue Fund	471,236	371,261	842,497
Other Special Revenue Fund	813,823	664,102	1,477,925
SOLID/HAZARDOUS WASTE			
General Fund	75,734	76,181	151,915
State Special Revenue Fund	1,280,360	1,212,055	2,492,415
Other Special Revenue Fund	6,102,261	7,261,758	13,364,019
WATER QUALITY			
General Fund	461,655	460,825	922,480
State Special Revenue Fund	96,620	100,320	196,940
Other Special Revenue Fund	1,568,386	1,550,658	3,119,044
HEALTH SERVICES/MEDICAL FAC			
General Fund	353,823	353,775	707,598
State Special Revenue Fund	47,019	47,025	94,044
Other Special Revenue Fund	202,081	202,008	404,089
FAMILY/MCH BUREAU			
General Fund	30,635	31,013	61,648
Other Special Revenue Fund	11,726,980	11,998,964	23,725,944
PREVENTIVE HEALTH BUREAU			
General Fund	743,645	223,707	967,352
Other Special Revenue Fund	827,624	812,776	1,640,400
LICENSING AND CERTIFICATION			
General Fund	368,558	367,630	736,188
Other Special Revenue Fund	514,618	513,418	1,028,036
HEALTH PLANNING			
General Fund	176,106	170,483	346,589
AGENCY FUNDING SUMMARY			
General Fund	4,273,548	3,588,021	7,861,569
State Special Revenue Fund	2,800,278	2,226,262	5,026,540
Other Special Revenue Fund	222,419,684	23,655,690	46,075,374
TOTAL AGENCY FUNDING	29,493,510	29,469,973	58,963,483
DEPARTMENT OF HIGHWAYS			
GENERAL OPERATIONS PROGRAM			
State Special Revenue Fund	5,383,195	5,208,734	10,591,929
Other Special Revenue Fund	1,606,694	1,555,856	3,162,550
CONSTRUCTION PROGRAM			
State Special Revenue Fund	58,742,869	61,094,015	119,836,884
Other Special Revenue Fund	85,241,460	86,791,294	172,032,754
MAINTENANCE PROGRAM			
State Special Revenue Fund	40,613,889	40,865,147	81,479,036
Other Special Revenue Fund	211,000		211,000
PRECONSTRUCTION PROGRAM			
State Special Revenue Fund	5,459,612	4,357,716	9,817,328
Other Special Revenue Fund	8,838,599	6,953,804	15,792,403

AGENCY BUDGET SUMMARY

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	APPROPRIATED FY 1988	APPROPRIATED FY 1989	BIENNIUM
HIGHWAY SERVICE REVOLVING			
Proprietary Fund	2,903.023	2,882.715	5,785.738
STATE MOTOR POOL			
Proprietary Fund	787.608	701.709	1,489.317
EQUIPMENT PROGRAM			
State Special Revenue Fund	1,930.659	1,705.659	3,636.318
Proprietary Fund	12,807.396	12,881.144	25,688.540
STORES INVENTORY			
State Special Revenue Fund	13,602.298	13,672.810	27,275.108
G.V.W.			
State Special Revenue Fund	3,497.307	3,503.362	7,000.669
AGENCY FUNDING SUMMARY			
State Special Revenue Fund	129,229.829	130,407.443	259,637.272
Other Special Revenue Fund	95,897.753	95,300.954	191,198.707
Proprietary Fund	16,498.027	16,465.568	32,963.595
TOTAL AGENCY FUNDING	241,625.609	242,173.965	483,799.574
DEPARTMENT OF STATE LANDS			
CENTRAL MANAGEMENT PROGRAM			
General Fund	1,057.899	1,028.672	2,086.571
State Special Revenue Fund	157.885	114.559	272.444
Other Special Revenue Fund	89.282	89.282	178.564
Proprietary Fund	191.781	190.319	382.100
RECLAMATION PROGRAM			
General Fund	85.057	84.177	169.234
State Special Revenue Fund	1,133.887	1,012.474	2,146.361
Other Special Revenue Fund	6,932.286	6,922.728	13,855.014
LAND ADMINISTRATION PGM			
General Fund	571.921	567.235	1,139.156
RESOURCE DEVELOPMENT PGM			
State Special Revenue Fund	273.185	293.433	566.618
FORESTRY			
General Fund	5,245.065	5,154.352	10,399.417
State Special Revenue Fund	1,245.692	1,259.453	2,505.145
Other Special Revenue Fund	1,713.849	1,654.861	3,368.710
AGENCY FUNDING SUMMARY			
General Fund	6,959.942	6,834.436	13,794.378
State Special Revenue Fund	2,810.649	2,679.919	5,490.568
Other Special Revenue Fund	8,735.417	8,666.871	17,402.288
Proprietary Fund	191.781	190.319	382.100
TOTAL AGENCY FUNDING	18,697.789	18,371.545	37,069.334
DEPARTMENT OF LIVESTOCK			
CENTRALIZED SERVICES PROGRAM			
General Fund	57.659	54.659	112.318
State Special Revenue Fund	360.984	344.711	705.695
DIAGNOSTIC LABORATORY PROGRAM			
General Fund	300.222	305.330	605.552
State Special Revenue Fund	371.513	378.356	749.869
DISEASE CONTROL PROGRAM			
State Special Revenue Fund	492,868	491,731	984,599
MILK & EGG PROGRAM			
General Fund	203,948	205,160	409,108
Other Special Revenue Fund	20,000	20,000	40,000
INSPECTION & CONTROL PROGRAM			
State Special Revenue Fund	2,058.015	2,078,118	4,136,133
BEEF/PORK RESEARCH & MARKET- ING			
Other Special Revenue Fund	75,000	75,000	150,000
PREDATORY ANIMAL CONTROL PGM			
State Special Revenue Fund	267,776	271,287	539,063
RABIES CONTROL			
General Fund	45.113	45,113	90,226
State Special Revenue Fund	15,000	15,000	30,000
MEAT INSPECTION PROGRAM			

AGENCY BUDGET SUMMARY

	APPROPRIATED FY 1988	APPROPRIATED FY 1989	BIENNIIUM
General Fund	139,400	136,900	276,300
Other Special Revenue Fund	139,400	136,900	276,300
AGENCY FUNDING SUMMARY			
General Fund	746,342	747,162	1,493,504
State Special Revenue Fund	3,566,156	3,579,203	7,145,359
Other Special Revenue Fund	234,400	231,900	466,300
TOTAL AGENCY FUNDING	4,546,898	4,558,265	9,105,163
DEPT NAT RESOURCE/CONSERVATION CENTRALIZED SERVICES			
General Fund	1,012,620	1,013,227	2,025,847
State Special Revenue Fund	350,859	350,717	701,576
Other Special Revenue Fund	297,122	231,043	528,165
OIL & GAS REGULATION			
State Special Revenue Fund	868,478	1,098,894	1,967,372
CONSERVATION DISTRICTS			
State Special Revenue Fund	678,332	649,833	1,328,165
Other Special Revenue Fund	502,703	2,703	505,406
WATER RESOURCES & PLANNING			
General Fund	2,365,163	2,381,653	4,746,816
State Special Revenue Fund	8,953,427	2,190,331	11,143,758
Other Special Revenue Fund	4,109,675	69,675	4,179,350
ENERGY PLANNING			
General Fund	438,152	451,118	889,270
State Special Revenue Fund	1,274,512	1,273,399	2,547,911
Other Special Revenue Fund	8,917,987	993,871	9,911,858
AGENCY FUNDING SUMMARY			
General Fund	3,815,935	3,845,998	7,661,933
State Special Revenue Fund	12,125,608	5,263,174	17,688,782
Other Special Revenue Fund	13,827,487	1,297,292	15,124,779
TOTAL AGENCY FUNDING	29,769,030	10,706,464	40,475,494
DEPARTMENT OF REVENUE DIRECTORS OFFICE			
General Fund	612,835	535,697	1,148,532
State Special Revenue Fund	96,506	80,365	176,871
Proprietary Fund	78,802	48,600	127,402
CENTRALIZED SERVICES DIVISION			
General Fund	880,546	886,766	1,767,312
Other Special Revenue Fund	6,600	6,600	13,200
DATA PROCESSING DIVISION			
General Fund	1,005,278	1,007,144	2,012,422
Proprietary Fund	419,408	422,380	841,788
INVESTIGATION AND ENFORCEMENT			
General Fund	581,656	573,449	1,155,105
State Special Revenue Fund	230,728	238,348	469,076
Other Special Revenue Fund	1,315,424	1,326,171	2,641,595
Proprietary Fund	269,349	268,390	537,739
LIQUOR DIVISION			
Proprietary Fund	5,397,180	5,397,180	10,794,360
INCOME TAX			
General Fund	3,079,363	3,156,379	6,235,742
State Special Revenue Fund	202,884	87,884	290,768
CORPORATION TAX			
General Fund	1,106,908	1,107,619	2,214,527
State Special Revenue Fund	57,048	57,048	114,096
Other Special Revenue Fund	122,128	122,128	244,256
PROPERTY VALUATION			
General Fund	10,216,028	10,244,093	20,460,121
Other Special Revenue Fund		500,789	500,789
MOTOR FUEL TAX			
State Special Revenue Fund	710,785	708,349	1,419,134
AGENCY FUNDING SUMMARY			
General Fund	17,482,614	17,511,147	34,993,761
State Special Revenue Fund	1,297,951	1,171,994	2,469,945

AGENCY BUDGET SUMMARY

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	APPROPRIATED FY 1988	APPROPRIATED FY 1989	BIENNIIUM
Other Special Revenue Fund	1,444,152	1,955,688	3,399,840
Proprietary Fund	6,164,739	6,136,550	12,301,289
TOTAL AGENCY FUNDING	26,389,456	26,775,379	53,164,835
DEPARTMENT OF ADMINISTRATION			
DIRECTOR'S OFFICE			
General Fund	254,147	255,153	509,300
Proprietary Fund	49,076	48,689	97,765
GOVERNOR ELECT PROGRAM			
General Fund		5,000	5,000
ACCOUNTING PROGRAM			
General Fund	860,890	828,075	1,688,965
ARCH & ENGINEERING PGM			
State Special Revenue Fund	560,472	562,400	1,122,872
Capital Projects Fund	560,472	562,400	1,122,872
"PUBLICATIONS AND GRAPHICS"			
Proprietary Fund	3,864,417	4,146,853	8,011,270
INFORMATION SERVICES DIVISION			
Proprietary Fund	15,696,301	15,414,552	31,110,853
GENERAL SERVICES PROGRAM			
General Fund	408,324	420,996	829,320
Capital Projects Fund	58,801	58,801	117,602
Proprietary Fund	3,063,276	3,169,076	6,232,352
PROPERTY AND SUPPLY BUREAU			
Proprietary Fund	2,880,192	2,873,757	5,753,949
PURCHASING PROGRAM			
General Fund	403,942	404,406	808,348
MAIL & DISTRIBUTION BUREAU			
Proprietary Fund	1,130,486	1,226,129	2,356,615
CENTRALIZED SERVICES BUREAU			
General Fund	417,902	408,266	826,168
Proprietary Fund	30,964	30,909	61,873
STATE PERSONNEL DIVISION			
General Fund	937,855	940,614	1,878,469
Proprietary Fund	414,094	412,258	826,352
TORT CLAIMS DIVISION			
Proprietary Fund	2,196,757	2,171,525	4,368,282
WORKERS COMPENSATION JUDGE			
State Special Revenue Fund	306,361	297,179	603,540
STATE TAX APPEAL BOARD			
General Fund	574,022	387,995	962,017
AGENCY FUNDING SUMMARY			
General Fund	3,857,082	3,650,505	7,507,587
State Special Revenue Fund	866,833	859,579	1,726,412
Capital Projects Fund	619,273	621,201	1,240,474
Proprietary Fund	29,325,563	29,493,748	58,819,311
TOTAL AGENCY FUNDING	34,668,751	34,625,033	69,293,784
PUBLIC EMPLOYEES RETIREMENT BD			
PUBLIC EMPLOYEES RETIREMENT			
Non-Expendable Trust Fund	770,488	714,774	1,485,262
TOTAL AGENCY FUNDING	770,488	714,774	1,485,262
TEACHERS RETIREMENT BOARD			
TEACHERS RETIREMENT PROGRAM			
Non-Expendable Trust Fund	421,733	397,093	818,826
TOTAL AGENCY FUNDING	421,733	397,093	818,826
DEPARTMENT OF AGRICULTURE			
CENTRALIZED SERVICES DIVISION			
General Fund	264,469	252,481	516,950
State Special Revenue Fund	594,830	588,609	1,183,439
Other Special Revenue Fund	71,526	46,935	118,461
Expendable Trust Fund	30,226	28,809	59,035
HAIL INSURANCE UNIT			
Expendable Trust Fund	160,131	156,969	317,100

AGENCY BUDGET SUMMARY

	APPROPRIATED FY 1988	APPROPRIATED FY 1989	BIENNIIUM
WHEAT RESEARCH/MARKETING UNIT			
Other Special Revenue Fund	1,360.198	1,360.491	2,720.689
ENVIRONMENTAL MANAGEMENT DIV			
General Fund	613.589	612.823	1,226.412
State Special Revenue Fund	178.044	167.115	345.159
Other Special Revenue Fund	184.554	243.830	428.384
PLANT INDUSTRY DIVISION			
General Fund	422.997	422.945	845.942
State Special Revenue Fund	510.344	494.081	1,004.425
Other Special Revenue Fund	32.023	33.271	65.294
Proprietary Fund	33.289	33.490	66.779
AGRICULTURAL DEVELOPMENT			
General Fund	281.839	227.996	509.835
State Special Revenue Fund	141.594	41.419	183.013
Other Special Revenue Fund	40.300	45.300	85.600
Expendable Trust Fund	71.253	72.874	144.127
AGENCY FUNDING SUMMARY			
General Fund	1,582.894	1,516.245	3,099.139
State Special Revenue Fund	1,400.312	1,291.224	2,716.036
Other Special Revenue Fund	1,688.601	1,729.827	3,418.428
Proprietary Fund	33.289	33.490	66.779
Expendable Trust Fund	261.610	258.652	520.262
TOTAL AGENCY FUNDING	4,991.206	4,829.438	9,820.644
DEPARTMENT OF INSTITUTIONS			
DIRECTOR			
General Fund	475.068	475.944	951.012
MANAGEMENT SERVICES DIVISION			
General Fund	1,011.369	821.689	1,833.058
State Special Revenue Fund	4.521		4.521
Other Special Revenue Fund	7.709		7.709
Proprietary Fund	6.278		6.278
ALCOHOL & DRUG ABUSE DIVISION			
General Fund	215.200	215.200	430.400
State Special Revenue Fund	341.564	326.700	668.264
Other Special Revenue Fund	1,290.800	1,290.800	2,581.600
CORRECTIONS			
General Fund	3,669.593	3,640.609	7,310.202
State Special Revenue Fund	1,000	1,000	2,000
WOMEN'S CORRECTIONAL PROGRAM			
General Fund	782.476	788.829	1,571.305
CORRECTION'S MEDICAL BUDGET			
General Fund	867,114	883.457	1,750.571
MENTAL HLTH/RESIDENTIAL SERV			
General Fund	4,108.977	4,108.940	8,217.917
Other Special Revenue Fund	1,249.805	1,249.806	2,499.611
AGENCY FUNDING SUMMARY			
General Fund	11,129.797	10,934.668	22,064.465
State Special Revenue Fund	347.085	327.700	674.785
Other Special Revenue Fund	2,548.314	2,540.606	5,088.920
Proprietary Fund	6.278		6.278
TOTAL AGENCY FUNDING	14,031.474	13,802.974	27,834.448
MONTANA DEVELOPMENT CENTER			
SERVICE & SUPPORT			
General Fund	11,739,951	11,852,130	23,592,081
State Special Revenue Fund	13.626	13.626	27.252
Other Special Revenue Fund	42.661	44.384	87.045
TOTAL AGENCY FUNDING	11,796,238	11,910,140	23,706,378
CENTER FOR THE AGED			
RESIDENTIAL SERVICES			
General Fund	2,662.888	2,649.528	5,312.416
State Special Revenue Fund	9.735	9.735	19.470

AGENCY BUDGET SUMMARY

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	APPROPRIATED FY 1988	APPROPRIATED FY 1989	BIENNIUM
TOTAL AGENCY FUNDING	2,672,623	2,659,263	5,331,886
EASTMONT TRAINING CENTER			
CARE & CUSTODY			
General Fund	2,239,779	2,248,146	4,487,925
State Special Revenue Fund	4,000	4,000	8,000
TOTAL AGENCY FUNDING	2,243,779	2,252,146	4,495,925
MONTANA STATE PRISON			
CARE & CUSTODY			
General Fund	12,562,609	12,801,624	25,364,233
State Special Revenue Fund	51,424	51,424	102,848
Other Special Revenue Fund	120,641	94,772	215,413
RANCH & DAIRY			
Proprietary Fund	1,228,480	1,277,736	2,506,216
LICENSE PLATE FACTORY			
State Special Revenue Fund	484,321	496,117	980,438
PRISON INDUSTRIES REVOLVING			
Proprietary Fund	678,311	701,903	1,380,214
PRISON CANTEEN			
State Special Revenue Fund	600,000	700,000	1,300,000
PRISON INDUSTRIES TRAINING			
General Fund	173,015	163,881	336,896
Other Special Revenue Fund	36,496	34,330	70,826
Proprietary Fund	221,579	221,579	443,158
AGENCY FUNDING SUMMARY			
General Fund	12,735,624	12,965,505	25,701,129
State Special Revenue Fund	1,135,745	1,247,541	2,383,286
Other Special Revenue Fund	157,137	129,102	286,239
Proprietary Fund	2,128,370	2,201,218	4,329,588
TOTAL AGENCY FUNDING	16,156,876	16,543,366	32,700,242
SWAN RIVER YOUTH FOREST CAMP			
CARE & CUSTODY			
General Fund	845,854	848,631	1,694,485
State Special Revenue Fund	86,383	86,617	173,000
Other Special Revenue Fund	38,902	27,898	66,800
TOTAL AGENCY FUNDING	971,139	963,146	1,934,285
VETERANS HOME			
CARE & CUSTODY			
General Fund	542,000	552,504	1,094,504
State Special Revenue Fund	20,764	20,764	41,528
Other Special Revenue Fund	1,636,773	1,650,215	3,286,988
TOTAL AGENCY FUNDING	2,199,537	2,233,483	4,433,020
MONTANA STATE HOSPITAL			
TREATMENT SERVICES			
General Fund	19,826,836	20,146,957	39,973,793
State Special Revenue Fund	1,740,583	1,729,533	3,470,116
Other Special Revenue Fund	3,775	3,775	7,550
TOTAL AGENCY FUNDING	21,571,194	21,880,265	43,451,459
BOARD OF PARDONS			
BOARD SERVICES			
General Fund	160,439	160,441	320,880
TOTAL AGENCY FUNDING	160,439	160,441	320,880
DEPARTMENT OF COMMERCE			
BUSINESS LICENSING/REGULATION			
State Special Revenue Fund	93,059	93,059	186,118
Proprietary Fund	59,789	59,937	119,726
WEIGHT & MEASURES BUREAU			
General Fund	437,858	436,178	874,036
FINANCIAL DIVISION			
State Special Revenue Fund	790,952	785,373	1,576,325
MILK CONTROL BUREAU			
State Special Revenue Fund	281,749	279,598	561,347
POL BUREAU			

AGENCY BUDGET SUMMARY

	APPROPRIATED FY 1988	APPROPRIATED FY 1989	BIENNIAL
State Special Revenue Fund	1,846,166	1,835,579	3,681,745
Proprietary Fund	714,478	706,154	1,420,632
DIVISION OF AERONAUTICS			
State Special Revenue Fund	659,465	659,960	1,319,425
Other Special Revenue Fund	140,000		140,000
Proprietary Fund	62,083	62,083	124,166
TRANSPORTATION DIVISION			
General Fund	513,626	510,444	1,024,070
State Special Revenue Fund	71,250	71,250	142,500
Other Special Revenue Fund	3,255,835	1,816,000	5,071,835
BUSINESS ASSISTANCE PROGRAM			
General Fund	636,692	633,219	1,269,911
State Special Revenue Fund	130,114	159,257	289,371
Other Special Revenue Fund	581,226	639,513	1,220,739
MONTANA PROMOTION BUREAU			
State Special Revenue Fund	4,510,215	4,572,834	9,088,049
Other Special Revenue Fund	350,000	350,000	700,000
HOUSING ASSISTANCE PROGRAM			
Other Special Revenue Fund	10,032,634	10,032,792	20,065,426
COMMUNITY ASSISTANCE PROGRAM			
General Fund	214,748	213,995	428,743
State Special Revenue Fund	1,993,041	1,464,349	3,457,390
Other Special Revenue Fund	5,447,656	5,446,515	10,894,171
ECONOMIC POLICY & RESEARCH			
General Fund	242,347	237,410	479,757
Other Special Revenue Fund	40,000	40,000	80,000
LOCAL GOVERNMENT AUDIT SERVICE			
General Fund	43,560	43,546	87,106
Proprietary Fund	984,407	975,234	1,959,641
ACCOUNTING/MANAGEMENT SERVICES			
General Fund	2,372,467	2,460,078	4,832,545
State Special Revenue Fund	299,000	311,000	610,000
Proprietary Fund	168,716	166,857	335,573
LOCAL GOVT ASSISTANCE ADMIN			
Proprietary Fund	98,666	98,233	196,899
BUILDING CODES DIVISION			
State Special Revenue Fund	1,170,240	1,312,662	2,482,902
INDIAN AFFAIRS COORDINATOR			
General Fund	84,629	81,208	165,837
HEALTH FACILITIES AUTHORITY			
Proprietary Fund	123,320	122,383	245,703
MT SCIENCE & TECH ALLIANCE			
State Special Revenue Fund	1,345,000	1,410,000	2,755,000
Proprietary Fund	72,549	105,060	177,609
BOARD OF HOUSING			
Proprietary Fund	1,068,773	1,066,961	2,135,734
INVESTMENTS DIVISION			
General Fund	500,000		500,000
Proprietary Fund	1,411,995	1,348,021	2,760,016
LOTTERY DIVISION			
State Special Revenue Fund	898,713	830,593	1,729,306
Proprietary Fund	25,010,000	25,100,000	50,110,000
DIRECTOR/MANAGEMENT SERVICES			
General Fund	120,214	116,128	236,342
Proprietary Fund	796,056	726,724	1,522,780
AGENCY FUNDING SUMMARY			
General Fund	5,166,141	4,732,206	9,898,347
State Special Revenue Fund	14,088,964	13,785,514	27,874,478
Other Special Revenue Fund	19,847,351	18,324,820	38,172,171
Proprietary Fund	30,570,832	30,537,647	61,108,479
TOTAL AGENCY FUNDING	69,673,288	67,380,187	137,053,475
LABOR & IND-EMPLOYMENT SERVS			
JOB SERVICE DIVISION			

AGENCY BUDGET SUMMARY

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	APPROPRIATED FY 1988	APPROPRIATED FY 1989	BIENN'UM
State Special Revenue	66,883	61,407	128,290
Other Special Revenue Fund	11,223,483	11,303,399	22,526,882
UNEMPLOYMENT INSURANCE			
Other Special Revenue Fund	3,512,517	3,486,867	6,999,384
CENTRALIZED SERVICE ADMIN			
Proprietary Fund	2,462,295	2,380,650	4,842,945
EMPLOYMENT RELATIONS			
General Fund	621,358	622,676	1,244,034
State Special Revenue Fund	239,337	233,801	473,138
Other Special Revenue Fund	1,096,309	1,081,351	2,177,660
Proprietary Fund	3,500	3,500	7,000
EMPLOYMENT POLICY DIVISION			
General Fund	19,567		19,567
Other Special Revenue Fund	2,195,283	2,186,075	4,381,358
HUMAN RIGHTS DIVISION			
General Fund	216,042	213,377	429,419
Other Special Revenue Fund	96,000	96,000	192,000
COMMISSIONER			
Proprietary Fund	156,408	156,599	313,007
JOB TRAINING PARTNERSHIP ACT			
General Fund	216,760	216,760	433,520
Other Special Revenue Fund	8,437,483	8,766,622	17,204,105
PROJECT WORK			
General Fund	1,427,722	1,427,633	2,855,355
CHILD CARE - AFDC			
General Fund	168,004	136,186	304,190
AGENCY FUNDING SUMMARY			
General Fund	2,669,453	2,616,632	5,286,085
State Special Revenue Fund	306,220	295,208	601,428
Other Special Revenue Fund	26,561,075	26,920,314	53,481,389
Proprietary Fund	2,622,203	2,540,749	5,162,952
TOTAL AGENCY FUNDING	32,158,951	32,372,903	64,531,854
LABOR & IND-WORKERS' COMP			
ADMINISTRATION PROGRAM			
State Special Revenue Fund	1,633,444	1,874,909	3,508,353
Other Special Revenue Fund	33,100	33,069	66,169
STATE INSURANCE FUND			
State Special Revenue Fund	3,944,190	3,954,996	7,899,186
INSURANCE COMPLIANCE PROGRAM			
General Fund	69,582	64,583	134,165
State Special Revenue Fund	1,915,918	1,836,103	3,752,021
SAFETY AND HEALTH PROGRAM			
State Special Revenue Fund	796,127	798,431	1,594,558
Other Special Revenue Fund	91,349	91,807	183,156
AGENCY FUNDING SUMMARY			
General Fund	69,582	64,583	134,165
State Special Revenue Fund	8,289,679	8,464,439	16,754,118
Other Special Revenue Fund	124,449	124,876	249,325
TOTAL AGENCY FUNDING	8,483,710	8,653,898	17,137,608
ADJUTANT GENERAL			
ADMINISTRATION PROGRAM			
General Fund	171,327	170,627	341,954
Other Special Revenue Fund	10,101	10,145	20,246
ARMY NATIONAL GUARD PGM			
General Fund	848,274	868,498	1,716,772
Other Special Revenue Fund	883,124	895,004	1,778,128
AIR NATIONAL GUARD PGM			
General Fund	119,185	125,671	244,856
Other Special Revenue Fund	1,173,214	1,204,677	2,377,891
DISASTER COORDINATION RESPONSE			
General Fund	222,320	219,001	441,321
Other Special Revenue Fund	242,703	239,383	482,086
EMERGENCY MGMT DEVELOPMENT			
Other Special Revenue Fund	270,690	268,134	538,824

AGENCY BUDGET SUMMARY

	APPROPRIATED FY 1988	APPROPRIATED FY 1989	BIENNIAL
LOCAL REIMBURSEMENT - DES			
Other Special Revenue Fund	2,000,000	2,000,000	4,000,000
VETERANS AFFAIRS PROGRAM			
General Fund	453,615	445,638	899,253
Other Special Revenue Fund	30,000	30,000	60,000
AGENCY FUNDING SUMMARY			
General Fund	1,814,721	1,829,435	3,644,156
Other Special Revenue Fund	4,609,832	4,677,343	9,287,175
TOTAL AGENCY FUNDING	6,424,553	6,476,778	12,901,331
DEPT SOCIAL & REHAB SERVICES			
ASSISTANCE PAYMENT PROGRAM			
General Fund	16,941,601	16,477,684	33,419,285
Other Special Revenue Fund	46,897,614	48,341,653	98,339,267
ELIGIBILITY DETERMINATION PGM			
General Fund	2,235,057	2,234,149	4,469,206
Other Special Revenue Fund	6,149,944	6,147,799	12,297,743
ADMINISTRATIVE & SUPPORT SVS			
General Fund	1,253,542	1,196,115	2,449,657
Other Special Revenue Fund	1,751,217	1,676,205	3,427,422
STATE ASSUMED COUNTY ADMIN.			
General Fund	934,967	918,972	1,853,939
Other Special Revenue Fund	338,380	338,604	676,984
MEDICAL ASSISTANCE			
General Fund	46,873,494	48,192,079	95,065,573
State Special Revenue Fund	7,168,000	7,349,000	14,517,000
Other Special Revenue Fund	106,336,817	120,129,361	226,466,178
AUDIT AND PRO. COMPLIANCE DIV.			
General Fund	576,930	576,982	1,153,912
Other Special Revenue Fund	703,252	704,370	1,407,622
VOCATIONAL REHABILITATION PGM			
General Fund	703,909	702,955	1,406,864
State Special Revenue Fund	1,048,515	1,196,383	2,244,898
Other Special Revenue Fund	5,685,199	5,579,061	11,264,260
DISABILITY DETERMINATION PGM			
Other Special Revenue Fund	2,384,632	2,377,937	4,762,569
VISUAL SERVICES PGM			
General Fund	275,272	275,150	550,422
Other Special Revenue Fund	758,487	757,997	1,516,484
DEVELOPMENTAL DISAB PROGRAM			
General Fund	5,557,805	5,783,366	11,341,171
Other Special Revenue Fund	14,339,793	14,305,591	28,645,384
DEVELOPE DISAB ADVIS COUNCIL			
Other Special Revenue Fund	398,596	316,976	715,572
AGENCY FUNDING SUMMARY			
General Fund	75,352,577	76,357,452	151,710,029
State Special Revenue Fund	8,216,515	8,545,383	16,761,898
Other Special Revenue Fund	185,743,931	200,775,554	389,519,485
TOTAL AGENCY FUNDING	272,313,023	285,678,389	557,991,412
DEPARTMENT OF FAMILY SERVICES			
MANAGEMENT SUPPORT			
General Fund	469,696	463,954	933,650
Other Special Revenue Fund	273,886	269,062	542,948
COMMUNITY SERVICES			
General Fund	14,436,752	14,509,266	28,946,018
State Special Revenue Fund	89,000	89,000	178,000
Other Special Revenue Fund	9,643,004	9,670,230	19,313,234
MOUNTAIN VIEW			
General Fund	1,733,990	1,747,299	3,481,289
State Special Revenue Fund	15,982	14,982	30,964
Other Special Revenue Fund	107,846	107,950	215,796
PINE HILLS			
General Fund	2,835,740	2,858,834	5,694,574
State Special Revenue Fund	59,169	59,260	118,429
Other Special Revenue Fund	525,722	525,722	1,051,444

AGENCY BUDGET SUMMARY

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	APPROPRIATED FY 1988	APPROPRIATED FY 1989	BIENNIAL
AFTER CARE SERVICES			
General Fund	429,026	399,080	828,106
Other Special Revenue Fund	2,800	2,800	5,600
YOUTH EVALUATION			
General Fund	146,292	146,173	292,465
AGENCY FUNDING SUMMARY			
General Fund	20,051,496	20,124,606	40,176,102
State Special Revenue Fund	164,151	163,242	327,393
Other Special Revenue Fund	10,553,258	10,575,764	21,129,022
TOTAL AGENCY FUNDING	30,768,905	30,863,612	61,632,517
STATE FUNDING SUMMARY			
General Fund	363,680,519	374,143,622	737,824,141
State Special Revenue Fund	250,481,928	236,754,059	487,235,987
Other Special Revenue Fund	425,593,322	423,213,025	848,806,347
Capital Projects Fund	619,273	621,201	1,240,474
Proprietary Fund	99,470,999	100,192,116	199,663,115
Expendable Trust Fund	261,610	258,652	520,262
Non-Expendable Trust Fund	1,192,221	1,111,867	2,304,088
Current Unrestricted Fund	138,205,630	138,109,899	276,315,529
TOTAL STATE FUNDING	1,279,505,502	1,274,404,441	2,553,909,943

REVENUE ESTIMATES

REVENUE ESTIMATING ADVISORY COUNCIL

The Governor created the Revenue Estimating Advisory Council by Executive Order in April 1986, to establish the economic assumptions necessary to forecast the revenues of the State of Montana. The Office of Budget and Program Planning (OBPP) was assigned to staff the Council.

The Council held a public hearing on June 1st and 2nd to receive testimony from industry representatives, economists, university faculty, state agency officials and legislative staff. The Council adopted the economic assumptions shown in the following tables. The revenue estimates in this Appropriations Report are based on those assumptions.

The Council's public hearing process insures that the process of creating the executive branch revenue estimate is an open public process. The input of outside experts will increase the accuracy of the revenue estimation process. Hopefully, the process will allow for closer agreement on revenue estimates so that the legislature can spend its time deciding the spend-

ing priorities of the state rather than debating how much revenue is available.

Membership: Revenue Estimating Advisory Council

William Mathers, Miles City, Chairman
Fritz Tossberg, Hamilton
George Ruff, Helena
Nancy Nicholson, Helena
Cal Robinson, Kalispell

GENERAL FUND REVENUE ESTIMATES

General fund revenue includes receipts from levies upon personal income, corporate income, mineral extraction, alcoholic beverage consumption, insurance premiums and numerous other fees, licenses and taxes. Since most sources are influenced by the economic climate, forecasts formulated for most revenues utilize the economic forecasts as delineated in the economic overview section.

The tables that follow summarize estimated receipts. A revenue description and the forecast methodology used for each of the larger general fund revenue sources is in the general fund revenues by component section

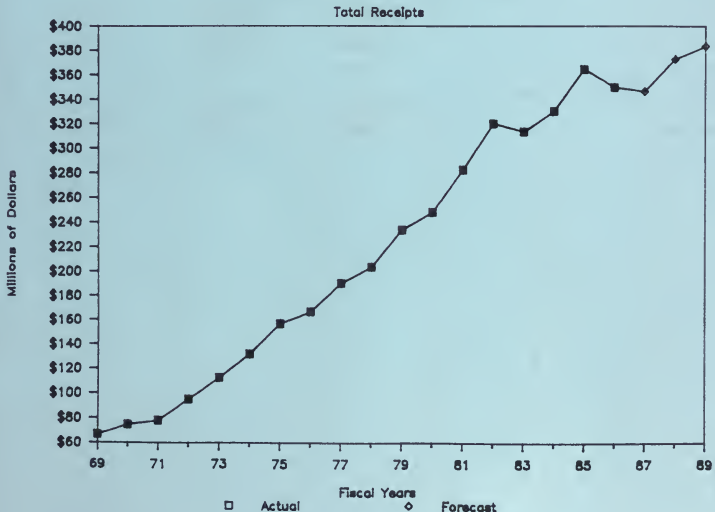
REVENUE ESTIMATES

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General Fund Revenue Estimates (In Millions)

Source of Revenue	Actual FY 1986	Estimated FY 1987	Estimated FY 1988	Estimated FY 1989
Individual Income Tax	\$110.218323	\$123.182000	\$131.214000	\$140.911000
Corporation License Tax	33.884815	20.683000	26.981000	29.638000
Coal Severance Tax	20.001598	17.291000	10.130000	8.690000
Oil Severance Tax	23.152504	10.938000	17.481000	18.591000
Interest on Investments	13.285291	12.385000	14.607000	16.793000
Long-Range Bond Excess	35.487786	34.571000	37.183000	38.601000
Coal Trust Fund Interest	32.443208	39.868000	36.644000	39.685000
Insurance Premiums Tax	16.780399	18.019000	31.782000	20.860000
Public Institution Reimb.	14.166104	14.822000	16.240000	16.894000
Liquor Profits	4.500000	5.000000	5.000000	3.185000
Liquor Excise Tax	5.836884	5.670000	5.602000	5.535000
Inheritance Tax	8.364764	8.645000	7.211000	7.450000
Metal Mines Tax	0.989852	1.093000	1.975000	2.762000
Electrical Energy Tax	2.530403	2.992000	2.914000	3.256000
Drivers' License Fees	0.796349	0.804000	0.799000	0.809000
Telephone License Tax	3.243935	3.530000	3.360000	3.419000
Beer License Tax	1.287765	1.289000	1.287000	1.285000
Natural Gas Severance Tax	2.890666	2.421000	1.574000	1.516000
Freight Line Tax	1.195066	1.212000	1.166000	1.186000
Wine Tax	0.946287	0.979000	1.027000	1.055000
Other Revenue Sources	17.539483	20.799000	19.950000	21.305000
GRAND TOTAL	\$349.541482	\$346.193000	\$372.634000	\$382.426000

General Fund Revenue



REVENUE ESTIMATES

FOUNDATION PROGRAM REVENUE ESTIMATES

The major components of foundation program revenue are income tax, corporation tax, coal tax, interest and income,

US oil and gas royalties, education trust interest and mandatory and permissive tax levies. These sources are depicted below.

Foundation Program Revenue Estimates
(In Millions)

	Actual FY86	Estimated FY87	Estimated FY88	Estimated FY89
STATE REVENUE				
Income Tax	43.054033	48.118000	71.694000	76.993000
Corporation Tax	13.236255	8.079000	10.540000	11.577000
Coal Tax	4.210861	10.119000	11.111000	9.531000
Interest Income	37.301053	36.181000	33.377000	34.339000
US Oil & Gas Royalties	12.629639	24.252000	23.422000	22.866000
Education Trust Income	7.759479	8.343000	2.703000	1.397000
County Levy Surplus	18.344046			
Education Trust Principal			22.000000	12.000000
TOTAL STATE	136.535366	135.092000	174.846000	168.703000
% CHANGE	-19.44%	-1.06%	29.43%	-3.51%
COUNTY REVENUE				
45 Mills	88.311954	101.734000	86.450000	84.357000
Elementary Transportation	-3.626615	-3.838000	-3.693000	-3.712000
Cash Reappropriated	3.018776	3.138000	2.327000	0.366000
Forest Fund	1.119352	1.222000	1.222000	1.222000
Taylor Grazing	0.117681	0.122000	0.122000	0.122000
Miscellaneous	6.045683	6.061000	6.061000	6.061000
High School Tuition	-0.760577	-0.760000	-0.764000	-0.768000
TOTAL COUNTY	94.226254	107.679000	91.726000	87.648000
% CHANGE	1.63%	14.28%	-14.82%	-4.45%
DISTRICT REVENUE				
Permissive Levy	17.674084	17.385000	17.290000	16.87100
Light Vehicle Replacement	1.565139	1.426000	1.274000	1.356000
TOTAL DISTRICT	19.239223	18.811000	18.564000	18.227000
% CHANGE	4.88%	-2.22%	-1.32%	-1.81%
TOTAL STATE, COUNTY, DISTRICT				
	<u>\$250.000843</u>	<u>\$261.583000</u>	<u>\$285.136000</u>	<u>\$274.578000</u>
% CHANGE	-10.88%	4.63%	9.00%	-3.70%

REVENUE ESTIMATES

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REVENUE ESTIMATING ADVISORY COUNCIL Revenue Estimate Assumptions

Oil	CY 85	CY 86	CY 87	CY 88	CY 89
Production (Millions)	29,352	26,518	25,600	25,000	24,000
Price	\$25.214	\$13.520	\$15.200	\$16.500	\$18.000
Natural Gas	CY 85	CY 86	CY 87	CY 88	CY 89
Production (Millions)					
MCF's	44,330	39,444	40,500	40,000	40,000
Gallons	4,340	4,972	5,000	5,000	5,000
Price					
MCF's	\$2.329	\$2.003	\$2.000	\$2.000	\$2.000
Gallons	\$.339	\$.340	\$.332	\$.380	\$.418
	CY 85	CY 86	CY 87	CY 88	CY 89
Coal					
Production (Millions)	31,213	32,416	30,681	31,767	29,527
(Excludes Protested Tonnage)					
Price	\$9.592	\$8.387	\$7.700	\$7.420	\$7.420
Tax Credits (Millions)	\$1.082	\$3.969	\$3.836	\$3.510	\$1.808
Metal	CY84/FY85	CY85/FY86	CY86/FY87	CY87/FY88	CY88/FY89
Production					
Copper (Million lbs)	35,936	43,823	42,621	71,222	86,643
Gold (Million ozs)	.168	.158	.183	.221	.312
Silver (Million ozs)	5,091	5,215	3,425	4,498	5,575
Lead (Million lbs)	.402	.136	.122	4,624	10,125
Zinc (Million lbs)				22,000	52,000
Molybdenum (Million lbs)			2,625	6,500	7,500
Palladium (Million ozs)				.038	.075
Platinum (Million ozs)				.013	.025
Price					
Copper	\$.616	\$.556	\$.508	\$.560	\$.560
Gold	\$359.591	\$317.346	\$357.003	\$420.000	\$420.000
Silver	\$ 7.385	\$ 5.290	\$ 5.333	\$ 7.000	\$ 7.000
Lead	\$.255	\$.189	\$.188	\$.190	\$.190
Zinc				\$.300	\$.300
Molybdenum			\$ 2.675	\$ 2.680	\$ 2.680
Palladium				\$125.000	\$125.000
Platinum				\$550.000	\$550.000
Wood Products	FY 85	FY 86	FY 87	FY 88	FY 89
Forest Receipts (Millions)	\$7.844	\$5.922	\$6.823	\$5.500	\$5.500
Population (July 1 Thousands)	CY 84	CY 85	CY 86	CY 87	CY 88
All Ages	823	825	819	822	825
Age 16 and greater	613	615	617	619	621
Age 18 to 24	92	96	104	106	108
Inflation (% Change)	CY 85	CY 86	CY 87	CY 88	CY 89
CPI	3.54	1.89	3.17	4.70	5.25
GNP	3.15	2.60	2.88	4.25	4.97
PCE	3.33	2.15	3.68	4.65	5.17
Interest Rates (%)	FY 85	FY 86	FY 87	FY 88	FY 89
Short-Term	9.80	6.46	5.85	6.39	7.11
Long-Term	12.10	9.57	8.00	8.40	8.81
Prime Interest Rate (CY)	9.93	8.33	7.51	8.80	9.84
	FY 85	FY 86	FY 87	FY 88	FY 89
TCA Average Balance (Millions)	\$260.501*	\$205.765*	\$156.784	\$178.690	\$186.285
TRANS Issue (Millions)	\$ 38.000	\$ 46.000	\$ 83.200	\$ 49.900	\$ 49.900
*Includes TRANS Issue					
Bond Calls (Millions)					
Permanent Trust		\$ 5.464	\$ 5.666	\$ 0	\$ 0
Education Trust		\$ 1.983	\$ 3.086	\$ 0	\$ 0
Common School Trust		\$ 3.353	\$ 4.227	\$ 0	\$ 0
Resource Indemnity Trust		\$.644	\$ 1.506	\$ 0	\$ 0
Park Acquisition Trust		\$.718	\$.129	\$ 0	\$ 0

REVENUE ESTIMATES

Personal Income	CY 85	CY 86	CY 87	CY 88	CY 89
MT Total Personal Income (Billions)	\$9.067	\$9.642	\$10.000	\$10.500	\$11.000
Corporation Tax	CY84/FY85	CY85/FY86	CY86/FY87	CY87/FY88	CY88/FY89
MT Corporate Taxable Income (Millions)	\$698.183	\$614.227	\$430.882	\$537.024	\$598.361
Department of Revenue					
Audits (Millions)	\$ 16.639	\$ 10.312	\$ 5.000	\$ 6.000	\$ 6.000
Colstrip IV Sale (Millions)	-	\$ 7.600	-	-	-
Liquor	FY 85	FY 86	FY 87	FY 88	FY 89
Liquor Unit Sales (Millions)	6.317	5.988	5.569	5.290	5.026
Wine Unit Sales (Millions)	.334	.299	.281	.264	.248
Liquor Cost Per Unit	\$4.197	\$4.398	\$4.574	\$4.757	\$4.947
Wine Cost Per Unit	\$2.819	\$2.883	\$2.948	\$3.036	\$3.127
Liquor Division Budget Growth (%)	-1.79	-1.31	0	1.59	2.91
Cigarette	FY 85	FY 86	FY 87	FY 88	FY 89
Packs (Millions)	85.690	80.897	75.410	71.069	66.977
Tobacco Value (Millions)	\$5.314	\$5.550	\$5.616	\$5.774	\$5.963
Property Tax Base (Millions)	FY 85	FY 86	FY 87	FY 88	FY 89
Net/Gross Proceeds	\$ 730.330	\$ 768.271	\$ 705.064	\$ 364.350	\$ 388.932
All Other Valuation	\$1600.553	\$1601.862	\$1559.698	\$1556.770	\$1485.660
Total Valuation	\$2330.883	\$2370.133	\$2260.762	\$1921.120	\$1874.592
Institutions Reimbursement (Millions)	FY 85	FY 86	FY 87	FY 88	FY 89
	\$ 12.895	\$ 14.166	\$ 14.882	\$ 16.240	\$ 16.894
Insurance Premiums Tax	FY 85	FY 86	FY 87	FY 88	FY 89
Gross Revenue Growth (%)	6.56	12.41	5.59	5.49	5.49
Police & Fireman Retirement (Millions)	\$4.312	\$5.009	\$5.361	\$5.671	\$6.005
Telephone Tax	FY 85	FY 86	FY 87	FY 88	FY 89
Taxable Income Growth (%)	16.25	10.65	2.00	1.55	1.75
Electrical Energy Tax	FY 85	FY 86	FY 87	FY 88	FY 89
KWH Produced (Millions)	3522.915	14538.496	17077.962	16635.840	18588.180
Inheritance Tax (Millions)	FY 85	FY 86	FY 87	FY 88	FY 89
	\$ 7.657	\$ 8.365	\$ 8.645	\$ 7.211	\$ 7.450
Other Revenue	FY 85	FY 86	FY 87	FY 88	FY 89
Drivers' License Fee (Millions)	\$ 1.321	\$ 1.961	\$ 1.994	\$ 1.982	\$ 2.007
Beer Tax Barrels (Thousands)	771	726	716	715	714
Freight Line Earnings (Millions)	CY 84	CY 85	CY 86	CY 87	CY 88
	\$ 25.080	\$ 21.728	\$ 22.024	\$ 21.200	\$ 21.561
Wine Tax Liters (Millions)	FY 85	FY 86	FY 87	FY 88	FY 89
Poker Receipts - Total (Millions)	5.660	5.899	6.120	6.419	6.597
Vehicle Receipts - Total (Millions)		\$3.498	\$4.395	\$7.014	\$9.466
Other Receipts (Millions)	\$34.085	\$36.062	\$34.125	\$36.207	
	\$11.624	\$12.106	\$15.617	\$14.347	\$14.728
Foundation Program Revenues	FY85	FY86	FY87	FY88	FY89
Interest & Income (Millions)					
Mineral Leasing	\$ 62.051	\$ 37.301	\$ 36.181	\$ 33.377	\$ 34.339
Oil, Coal, Natural Gas production and prices are as forecast for severance taxes.					

Miscellaneous Assumptions:

All public institutions remain certified.

All REAC estimates are based on current state and federal laws.

Westmoreland Resources will continue to protest a portion of their coal severance taxes on behalf of the Crow Indian tribe.

ECONOMIC OVERVIEW

The budget for the 1988-89 biennium is significantly dependent upon the current and future economic climate of the state, nation and world economies. These conditions not only affect tax receipts; they dictate the costs of goods and services purchased by state government.

Economic variables play a crucial role when developing revenue forecasting models. However, recent state legislation has placed greater emphasis on Montana personal income as a means to limit the growth in state government disbursements. Today levels of disbursements and receipts are significantly influenced by Montana personal income growth patterns.

The key economic variables that affect state government receipts and disbursements are Montana personal income, Montana employment levels, inflation rates, energy prices and interest rates. There are many more variables that influence receipt and disbursement patterns but this list covers the major variables.

In the past, Montana's economy appeared to lag, yet parallel, the national economy. However, for the past decade, Montana's economic upturns and downturns have been more pronounced than the national average. This is due in part to Montana's scarcity of heavy industry and its reliance on the energy sector: oil, coal and natural gas exploration and production.

The 49th Legislature established an appropriation for the Office of Budget and Program Planning to contract with an economic reporting and forecasting firm. Wharton Econometrics was selected for this purpose. In addition, Wharton Econometrics provides short and long-term econometric forecasts to the OBPP and LFA. These forecasts were used by the Revenue Estimating Advisory Council.

Personal Income

Montana personal income is defined as labor income, transfer payments, dividends, interest and rents, less personal contributions for social security.

This particular variable is especially critical in the budget process because of its direct effect on state government tax receipts and disbursements. Total personal income not only limits the growth in government disbursements, it also measures the ability of the State of Montana to purchase food, clothing, automobiles and other items. Personal income tax, corporate income tax and many other taxes such as liquor and insurance are affected by the movement in personal income.

From 1970 to 1985, total personal income has increased 269% in Montana versus 301% nationally. The state's per capita income for 1985 was \$10,974 compared with the national figure of \$13,867.

The following tables summarize personal income statistics for Montana and the United States.

ECONOMIC OVERVIEW

TABLE 1
TOTAL PERSONAL INCOME
(MILLIONS)

CY	MONTANA		UNITED STATES	
	AMOUNT	% CHANGE	AMOUNT	% CHANGE
1970	2,455.1		825,528	
1971	2,607.8	6.22	888,453	7.62
1972	3,041.8	16.64	976,071	9.86
1973	3,577.7	17.62	1,095,076	12.19
1974	3,859.4	7.87	1,204,070	9.95
1975	4,214.0	9.19	1,307,539	8.59
1976	4,534.3	7.60	1,446,099	10.60
1977	4,939.0	8.93	1,601,844	10.77
1978	5,844.1	18.33	1,806,207	12.76
1979	6,400.8	9.52	2,026,684	12.21
1980	6,992.8	9.25	2,252,021	11.12
1981	7,803.9	11.60	2,512,327	11.56
1982	8,110.4	3.93	2,660,940	5.92
1983	8,487.6	4.65	2,833,184	6.47
1984	8,921.3	5.11	3,101,402	9.47
1985	9,066.9	1.63	3,310,545	6.74
PROJECTED				
1986	9,642.0	6.34	3,486,000	5.30
1987	10,000.0	3.71	3,659,000	4.96
1988	10,500.0	5.00	3,932,000	7.46
1989	11,000.0	4.76	4,235,000	7.71

SOURCE:

HISTORICAL - BUREAU OF ECONOMIC ANALYSIS
PROJECTED - REVENUE ESTIMATING ADVISORY COUNCIL
WHARTON ECONOMETRICS

TABLE 2
PER CAPITA PERSONAL INCOME

CY	MONTANA		UNITED STATES	
	AMOUNT	% CHANGE	AMOUNT	% CHANGE
1970	3,521		4,051	
1971	3,668	4.18	4,296	6.05
1972	4,230	15.32	4,664	8.57
1973	4,919	16.29	5,181	11.08
1974	5,235	6.42	5,644	8.94
1975	5,625	7.45	6,069	7.53
1976	5,978	6.28	6,647	9.52
1977	6,403	7.11	7,289	9.66
1978	7,454	16.41	8,133	11.58
1979	8,111	8.81	9,025	10.97
1980	8,865	9.30	9,910	9.81
1981	9,807	10.63	10,940	10.39
1982	10,077	2.75	11,470	4.84
1983	10,407	3.27	12,093	5.43
1984	10,838	4.14	13,114	8.44
1985	10,974	1.26	13,867	5.74
Average Annual Growth Rate				
		7.87		8.55

SOURCE:

HISTORICAL - BUREAU OF ECONOMIC ANALYSIS

Employment

Total state employment measures the ability of the state's economic base to provide jobs for its residents.

When forecasting state revenues, nonfarm wage and salary employment is used as a proxy for employment levels. Even though this statistic does not include all employment, it

does provide a more consistent indicator of the labor market.

Employment levels in the state affect total personal income and are also indicative of the state's business activity. The relationship between personal income, consumer spending and, ultimately, corporate profits explains why personal income, corporate income and sumptuary taxes are affected by changes in this variable.

From 1970 to 1985, nonfarm wage and salary employment grew by more than 39% or 79,300 jobs. Almost all of this increase was in the wholesale/retail trade and service sectors. Traditionally, these jobs have been at the lower end of the pay scale.

TABLE 3
MONTANA EMPLOYMENT

CY	NONFARM WAGE & SALARY EMPLOYMENT	% CHANGE
1970	199,100	
1971	204,900	2.91
1972	215,300	5.08
1973	224,200	4.13
1974	233,900	4.33
1975	238,200	1.84
1976	251,100	5.42
1977	264,800	5.46
1978	280,400	5.89
1979	283,800	1.21
1980	280,400	-1.20
1981	281,800	.50
1982	273,700	-2.87
1983	276,000	.84
1984	281,100	1.85
1985	278,400	-0.96
<hr/>		
	PROJECTED	
1986	276,100	-0.83
1987	278,000	.69
1988	280,000	.72
1989	280,900	.32

SOURCE:

HISTORICAL - MONTANA DEPARTMENT OF
LABOR & INDUSTRY
PROJECTED - OFFICE OF BUDGET &
PROGRAM PLANNING

Inflation

Inflation indices measure the rate of price escalation and/or decrease for goods and services. The most commonly used statistic is the consumer price index which is based on prices of food, clothing, shelter, fuel, drugs, transportation fares, doctors' and dentists' fees and other items.

During high inflationary periods, consumption of goods and services may decline. This not only may decrease employment levels but may discourage business activity because of prohibitive operating costs. Low inflation may result in higher consumption, increased employment and greater business opportunities.

In a majority of cases, inflation rates have some impact on each revenue component. The sources that are especially affected include personal income tax, public institution reimbursements and severance taxes.

The Revenue Estimating Advisory Council forecasts a moderate rate of inflation during the 1988-89 biennium of approximately 3 to 5%. This outlook anticipates: 1) wage negotiations will be sensitive to the need for reasonable compensation because of the lack of price competitiveness; 2) no sudden or steep increases in energy prices, and 3) the Federal Reserve Board will continue its inflation-fighting posture.

Table 4 lists two measures of inflation rates as published by Wharton Econometrics. These national averages are provided because indices for Montana are not available.

TABLE 4
MEASURES OF INFLATION

CY	US CPI	% CHANGE	US GNP	% CHANGE
	1967=100		DEFLATOR 1982=100	
1970	116.3		42.0	
1971	121.3	4.30	44.4	5.71
1972	125.3	3.30	46.5	4.73
1973	133.1	6.23	49.5	6.45
1974	147.7	10.97	54.0	9.09
1975	161.2	9.14	59.3	9.81
1976	170.5	5.77	63.1	6.41
1977	181.5	6.45	67.3	6.66
1978	195.4	7.66	72.2	7.28
1979	217.4	11.26	78.6	8.86
1980	246.8	13.52	85.7	9.03
1981	272.4	10.37	94.0	9.68
1982	289.1	6.13	100.0	6.38
1983	298.3	3.18	103.8	3.80
1984	311.1	4.29	108.1	4.14
1985	322.1	3.54	111.5	3.14
PROJECTED				
1986	328.2	1.89	114.4	2.60
1987	337.4	3.17	117.7	2.88
1988	353.2	4.70	122.7	4.25
1989	371.8	5.25	128.8	4.97

SOURCE:

HISTORICAL - WHARTON ECONOMETRICS

PROJECTED - REVENUE ESTIMATING ADVISORY COUNCIL
WHARTON ECONOMETRICSEnergy Prices

Montana, as the fourth-largest state in the nation, has a vast potential for oil, coal and natural gas exploration and extraction. Because of this potential and our current level of natural resource taxation, energy prices play a critical role in the budgetary process. Oil, coal and natural gas severance taxes are directly affected by energy prices.

Oil

Since January 1986, oil prices have declined by more than 50%. The Revenue Estimating Advisory Council anticipates a steady growth in the price of oil over the forecast period.

Natural Gas

Under the Natural Gas Policy Act of 1978, all new gas was deregulated on January 1, 1985. Many industry analysts expect prices to remain stable or to decrease

moderately even with deregulation. Primary reasons for this scenario include more competition, contract renegotiations, lower import prices primarily from Canada, and the competitive prices of other fuels.

Coal

The coal industry in the United States and Montana is heavily dependent upon the demand for electrical power. Slow economic growth on both the state and national levels plus energy conservation have all contributed to electrical usage remaining below expectations.

With lower demand and the competitive prices of other fuels, coal prices have remained soft. These conditions in conjunction with royalty deductions approved by the 48th Legislature, should cause coal prices to decrease over the forecast period.

Table 5 reflects historical and projected energy prices for oil, coal and natural gas.

TABLE 5
ENERGY PRICES

CY	COAL CONTRACT SALES PRICE \$/TON	% CHANGE	OIL WELL-HEAD PRICE \$/BARREL	% CHANGE	NATURAL GAS PRICE \$/MCF	% CHANGE
1970					.082	
1971					.084	2.44
1972					.102	21.43
1973			3.843		.162	58.82
1974			6.814	77.31	.257	58.64
1975	4.224		7.845	15.13	.394	53.31
1976	4.415	4.52	8.411	7.21	.441	11.93
1977	4.344	- 1.61	8.582	2.03	.735	66.67
1978	5.154	18.65	9.253	7.82	.837	13.88
1979	6.951	34.87	12.279	32.70	1.202	43.61
1980	7.724	11.12	22.250	81.20	1.436	19.47
1981	8.686	12.45	34.317	54.23	1.900	32.31
1982	9.758	12.34	31.311	- 8.76	2.103	10.68
1983	10.332	5.88	28.804	- 8.01	2.403	14.27
1984	9.846	- 4.70	28.066	- 2.56	2.512	4.54
1985	9.592	- 2.58	25.214	-10.16	2.329	- 7.29
PROJECTED						
1986	8.387	-12.56	13.520	-46.38	2.003	- 14.00
1987	7.770	- 7.36	15.200	12.43	2.000	- 0.15
1988	7.420	- 4.50	16.500	8.55	2.000	0.00
1989	7.424	0.05	18.000	9.09	2.000	0.00

SOURCE:

HISTORICAL - MONTANA DEPARTMENT OF REVENUE
PROJECTED - REVENUE ESTIMATING ADVISORY COUNCILInterest Rates

Interest rates are highly susceptible to federal policies and the actions of the Federal Reserve Board (FED). Factors that are critical to the future direction of interest rates include the following:

- o the Federal Reserve's philosophy on monetary policy;
- o the anti-inflation posture of the federal government;
- o possible resolutions to the federal deficit;
- o a change in the value of the dollar.

The Revenue Estimating Advisory Council expects interest rates to drift downward until mid-1987 and then increase in 1988 and 1989. This is based on a less restrictive

monetary policy by the Federal Reserve, continuation of the conflict between private credit demands and the federal government's financing needs and the expectation of higher inflation rates.

Interest rates directly affect Montana's investment earnings from both short and long-term securities. In addition these rates impact other tax sources by influencing economic variables such as construction activity, consumer spending and business borrowing.

Table 6 reflects historical and projected interest rates as provided by Wharton Econometrics. Also presented in the table is an approximation of the interest rates the state has earned on short-term securities.

ECONOMIC OVERVIEW

TABLE 6
INTEREST RATES

CY	SHORT-TERM		PRIME	% CHANGE	LONG-TERM	
	RATE	% CHANGE	RATE		RATE	% CHANGE
1974	8.69		10.81	34.62	8.48	9.42
1975	6.14	-29.34	7.86	-27.29	8.77	3.42
1976	5.26	-14.33	6.84	-12.98	8.26	- 5.82
1977	5.48	4.18	6.83	- .15	7.88	- 4.60
1978	7.63	39.23	9.06	32.65	8.73	10.79
1979	10.46	37.09	12.67	39.85	9.78	12.03
1980	11.90	13.77	15.27	20.52	12.09	23.62
1981	14.26	19.83	18.87	23.58	14.52	20.10
1982	11.30	-20.76	14.86	-21.25	13.95	- 3.93
1983	8.72	-22.83	10.79	-27.39	11.93	-14.48
1984	9.67	10.89	12.04	11.58	12.99	8.88
1985	7.76	-19.75	9.93	-17.52	11.21	-13.70
			PROJECTED			
1986	6.46	-16.75	8.33	-16.11	9.57	-14.63
1987	5.85	- 9.44	7.51	- 9.84	8.00	-16.40
1988	6.39	9.23	8.80	17.18	8.40	5.00
1989	7.11	11.27	9.84	11.82	8.81	4.88

SOURCE:

HISTORICAL - WHARTON ECONOMETRICS

PROJECTED - REVENUE ESTIMATING ADVISORY COUNCIL
WHARTON ECONOMETRICS

Individual Income Tax

Individual or personal income tax is the largest single source of revenue to the general fund. The original tax law was enacted in 1933 and has been altered many times since then. HB 904, which was passed by the 50th Legislature, changed the allocation of the tax for FY 88 and subsequent years to: 58.2% of the tax is deposited in the general fund; 31.8% in the public school equalization account; and 10% in the long-range building debt service account.

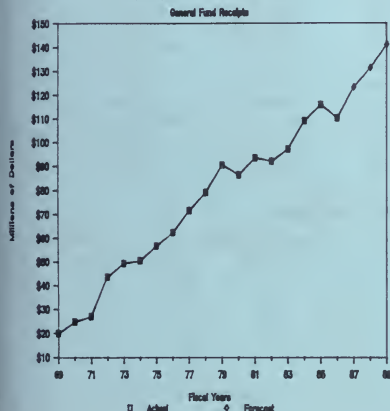
The tax is levied against taxable income which is defined as Montana personal income adjusted for exemptions and deductions. Once tax liability is determined, the amount of tax due is computed by subtracting allowable credits.

The income tax forecasts for the 1988-89 biennium are based on a moderate growth in total personal income and employment. Although current economic growth is slow, the recovery is expected to continue at a modest pace.

Since FY80, income tax collections have been reduced by a number of credits, exemption allowances and indexation. Projections for fiscal years 1987 through 1989 are based on an inflation rate of approximately 3 to 5% and the continuation of all statutory credits.

HB 904 also imposed a 10% surtax for tax years 1987 and 1988, which will be collected in FY 88 and FY 89. The surtax is estimated to generate an additional \$24.5 million in FY 88 and \$17.3 million in FY 89.

The additional revenue that will be generated by federal income tax reform has been included in the forecasts. It is estimated this will increase revenues by approximately \$4.4 million in FY87, \$22.6 million in FY88 and \$39.8 million in FY89. These estimates are strictly due to federal tax reform, they do not include the 10% surtax.

GENERAL FUND INDIVIDUAL INCOME TAX COLLECTIONS**Individual Income Tax**

FISCAL YEAR	TOTAL COLLECTIONS (MILLION \$)	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	38.870851	24.877342	
1971	42.381455	27.070705	8.82%
1972	68.129858	43.620321	61.13%
1973	77.065529	49.321939	13.07%
1974	78.757516	50.527303	2.44%
1975	88.599406	56.703595	12.22%
1976	97.520297	62.412990	10.07%
1977	111.861527	71.591377	14.71%
1978	123.620799	79.117312	10.51%
1979	140.473459	90.509280	14.40%
1980	134.987297	86.391870	- 4.55%
1981	146.036287	93.463223	8.19%
1982	143.803751	92.034568	- 1.53%
1983	151.784173	97.152215	5.56%
1984	170.346344	109.021660	12.22%
1985	181.057157	115.876580	6.29%
1986	172.216130	110.218323	- 4.88%
PROJECTED			
1987	192.472000	123.182000	11.76%
1988	225.454000	131.214000	6.52%
1989	242.116000	140.911000	7.39%

Corporation License Tax

The corporation license tax is levied against a corporation's net income earned in Montana. The corporation income tax is imposed on corporations that, for reasons of jurisdiction, are not taxable under a license tax. These taxes apply to both domestic and foreign corporations, although there is an alternative rate for foreign corporations meeting specific requirements.

Corporation taxes are distributed: 64% to the general fund; 25% to the public school equalization account and 11% to the long-range building debt service account. Eighty percent of the taxes collected from financial institutions is distributed to local governments in the county in which the financial institution is located. The remaining 20% is allocated by the above percents.

The decline in FY 87 collections can be attributed to the general slump in the business economy, along with lower taxable incomes in the banking and oil and gas sectors.

The forecasts for fiscal years 1988 through 1989 are based on a slow level of economic growth. This assumption is premised on inflation in the range of 3 to 5% and short-term interest rates of about 6 to 7%. Although moderate economic growth is expected to increase corporation taxes, the negative effects of oil prices below the early 1980 levels reduces this anticipated level of growth.

HB 703, referred to as the unitary tax, was passed by the 50th legislature. It allows corporations to elect to be taxed only on their income produced in the United States (Water's edge). The tax rate for corporations electing water's edge is 7.0%, others are still at 6.75%. HB 703 also imposed a surtax of 4% for tax year 1988, which should affect 60% of returns filed in FY 89. The surtax should generate an additional \$1.2 million in FY 89 and \$0.9 million in FY 90.

Additional factors that affect receipts include tax credits and audit efforts by the Department of Revenue. As with indi-

GENERAL FUND REVENUES - BY COMPONENT

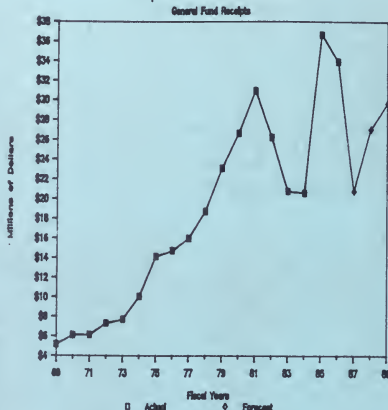
vidual income tax, all forecasts have been adjusted by allowable credits. The projections also include audit collections of \$5 million for FY87 and \$6 million for FY88 and FY89.

The additional revenue that will be generated by federal tax reform has been included in the forecasts. It is estimated

this will increase revenues by approximately \$1.1 million in FY87, \$4.7 million in FY88 and \$6.2 million in FY89. These estimates do not include any additional surtax revenue.

CORPORATION LICENSE TAX COLLECTIONS

Corporation License Tax



FISCAL YEAR	TOTAL COLLECTIONS (MILLION \$)	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	9.535866	6.102954	
1971	9.605806	6.147716	0.73%
1972	11.299998	7.326719	19.18%
1973	12.057255	7.716643	5.32%
1974	15.637745	10.071143	30.51%
1975	22.078579	14.130292	40.30%
1976	23.020111	14.732872	4.26%
1977	24.957238	15.972633	8.41%
1978	29.238772	18.712814	17.16%
1979	36.062341	23.098659	23.44%
1980	45.623189	26.658417	15.41%
1981	52.900963	30.962755	16.15%
1982	44.630472	26.234449	-15.27%
1983	35.824951	20.733658	-20.97%
1984	35.396240	20.547177	- 0.90%
1985	62.609205	36.657611	78.41%
1986	58.584784	33.884815	- 7.56%
PROJECTED			
1987	34.750000	20.683000	-38.96%
1988	45.849000	26.981000	30.45%
1989	50.643000	29.638000	9.85%

Coal Severance Tax

The coal severance tax is imposed on all coal production in excess of 20,000 tons per company per calendar year. However, producers of 50,000 tons or less in any calendar year are exempt from the tax. The current tax rate is 30% of value for coal with a heating quality of 7,000 or more BTU's per pound. Coal with a lower BTU rate is taxed at 20%. HB 252, passed by the 50th Legislature, reduces these rates dependent on the level of coal production in FY 88. Lower tax rates are triggered if coal production in FY 88 exceeds 32.2 million tons.

HB 252 Tax Rates

	No Trigger		Trigger	
	< 7,000 BTU	> 7,000 BTU	< 7,000 BTU	> 7,000 BTU
FY 88	20%	30%	20%	30%
FY 89	20%	30%	17%	25%
FY 90	13%	25%	17%	25%
FY 91	13%	20%	13%	20%
FY 92	13%	20%	13%	15%
& after				

The distribution of the tax has been modified several times since the enactment of the tax in 1975. The current and future statutory tax distributions are presented in the following tables. SB 228, passed by the 50th Legislature, changed the allocation effective July 1, 1987.

COAL TAX DISTRIBUTION TABLE

ACCT. ENTITY	ACCOUNT NAME	EFFECTIVE JULY 1, 1986	EFFECTIVE JULY 1, 1987
01100	General Fund	22.550%	15.314%
02403	Public School Equalization	13.200%	16.796%
02405	State Library	0.440%	0.380%
02424	Highway Reconstruction Trust	7.760%	12.000%
02434	Conservation Districts	0.220%	0.190%
02437	Alternative Energy Research	1.100%	1.710%
02444	County Land Planning	0.440%	0.380%
02445	Local Impact	2.640%	1.520%
04008	Renewable Resources Bond	0.550%	0.475%
04011	Water Development	0.550%	0.475%
09001	Permanent Trust	50.000%	50.000%
09004	Park Acquisition Trust	0.550%	0.000%
09005	Education Trust	0.000%	0.000%
—	Agriculture Act	0.000%	0.760%
	TOTALS	100.000%	100.000%

Coal severance tax revenues are dependent on the contract sales price per ton of coal and the number of tons produced. Since most of Montana's coal is sold to utilities under long-term contracts, prices are usually allowed to increase by inflation indices specified in the contracts. However, with lower demand and competitively priced other fuels, coal prices are expected to decrease during the forecast period.

The other factor that offsets the price of coal is the deductibility of royalty payments from the contract sales price. The 48th Legislature approved a bill that phases in the royalty deduction over a period of 3 years. These deductions have been included in the price forecasts.

Production levels are driven by the demand for electrical power. Based on information from the major coal producers, production is anticipated to remain relatively stable throughout the forecast period. However, total production for FY88 is expected to exceed 32.2 million tons thereby

reducing the severance tax rates for FY89 and subsequent years.

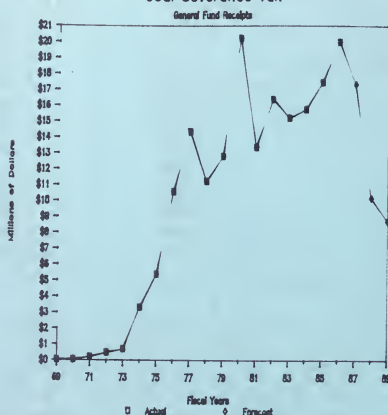
In order to stimulate new production, the 1985 legislature enacted a $\frac{1}{2}$ rate reduction on increased production under new or revised contracts signed during a 2.5 year "window of opportunity." HB 252 continued this credit for "incremental production", which results in effective tax rates of 10% and 15% for the two BTU levels of this "incremental production." The new production resulting from this legislation and the credits claimed are included in the revenue estimates.

A dispute involving the state's authority to tax coal mined on Crow Indian land has prompted Westmoreland Resources to protest the taxes paid on this production on behalf of the Crow Indian tribe. Until a settlement is litigated, these taxes are being deposited in an escrow account. Tax forecasts for fiscal years 1987 through 1989 assume a settlement will not be reached until after FY89.

GENERAL FUND REVENUES - BY COMPONENT

GENERAL FUND COAL SEVERANCE TAX COLLECTIONS

Coal Severance Tax



Oil Severance Tax

An oil severance tax is imposed on the production of petroleum and other mineral or crude oil in the state. The tax was first enacted in 1921 and has since undergone several modifications. On April 1, 1983, the tax rate increased from 5 to 6%. However, on April 1, 1985, the tax rate reverted back to 5%.

Beginning in fiscal year 1984, one-third of the tax was deposited in the local government block grant account and two-thirds (less the county portion) in the general fund account. If production in any county increases over production in the previous year, taxes on the increased production are returned to the county.

Beginning in FY 88 the tax will no longer be deposited in the local government block grant account (SB 200). SB 200 not only changed the method of taxing vehicles but also abolished the local government block grant program.

Oil severance tax revenues are dependent on the price per barrel and the number of barrels of oil produced. Since oil

FISCAL YEAR	TOTAL COLLECTIONS (MILLION \$)	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	0.050300	0.050300	
1971	0.212056	0.212056	321.58%
1972	0.483434	0.483434	127.97%
1973	0.694213	0.694213	43.60%
1974	3.315416	3.315416	377.58%
1975	5.395415	5.395415	62.74%
1976	23.964642	10.586335	96.21%
1977	35.906057	14.362422	35.67%
1978	34.372063	11.241695	-21.73%
1979	42.689164	12.806813	13.92%
1980	75.125009	20.222579	57.90%
1981	70.415073	13.378906	-33.84%
1982	86.186886	16.375541	22.40%
1983	80.045016	15.208581	-1.13%
1984	82.823427	15.736468	3.47%
1985	91.748855	17.432283	10.78%
1986	84.217223	20.001598	14.74%
PROJECTED			
1987	76.660000	17.291000	-13.55%
1988	66.151000	10.130000	-41.42%
1989	56.747000	8.690000	-14.22%

is a commodity that is used for many purposes, the prices depend upon federal regulations and world demand. It is assumed that prices will stabilize and drift upward by calendar year 1989. This is based on OPEC's ability to maintain a stable production agreement among member countries.

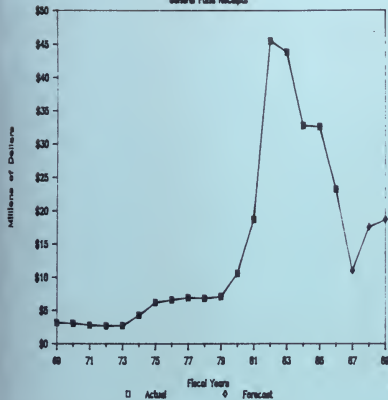
Production is expected to further decrease below calendar year 1985 levels. Slow economic recovery and world oil prices well below pre-1986 levels will not provide the demand or the economic incentive to explore and produce more oil.

The decrease in collections from FY 86 to FY 87 is attributable to the drop in oil prices and production. General fund revenues increase from FY 87 to FY 88 due to the change in the tax distribution enacted by SB 200. HB 776, passed by the 50th Legislature, exempted from taxation all new production for the first 24 months of production. Stripper production tax rates were also reduced depending on the level of daily production.

GENERAL FUND OIL SEVERANCE TAX COLLECTIONS

Oil Severance Tax

General Fund Receipts



FISCAL YEAR	TOTAL COLLECTIONS (MILLION \$)	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	3.038492	3.038492	
1971	2.766963	2.766963	- 8.94%
1972	2.668316	2.668316	- 3.57%
1973	2.692453	2.692453	0.90%
1974	4.255716	4.255716	58.06%
1975	6.179984	6.179984	45.22%
1976	6.563569	6.563569	6.21%
1977	6.884010	6.884010	4.88%
1978	6.808100	6.808100	- 1.10%
1979	7.056573	7.056573	3.65%
1980	11.537042	10.544555	49.43%
1981	20.298580	18.654469	76.91%
1982	49.826910	45.473425	143.77%
1983	44.761150	43.787960	- 3.71%
1984	50.047016	32.686014	-25.35%
1985	48.789983	32.526656	-0.49%
1986	34.728749	23.152504	-28.82%
PROJECTED			
1987	16.407000	10.938000	-52.76%
1988	17.481000	17.481000	59.82%
1989	18.591000	18.591000	6.35%

Interest On Investments

The Department of Commerce's Board of Investments is responsible for investing state funds. Sections 17-6-201 and 17-6-211, MCA, provide specific guidelines under which the funds must be invested. Unless specifically stated by statute, all interest earned on these investments is deposited in the general fund.

Since FY80 interest income has become a major source of general fund revenue. Higher interest rates and larger investable balances have caused this to occur. However, with rates and balances forecast to be lower, interest income is expected to contribute a smaller proportion of the total general fund.

Interest on investments is projected to increase above FY86 levels. The sharp decline in 1986 was the result of lower interest rates and a bill passed by the 48th Legislature that

authorized interest earned on the highway gas account to accrue to the highway account. The June Special Session amended this legislation to allow earnings from the highway account to accrue to the general fund.

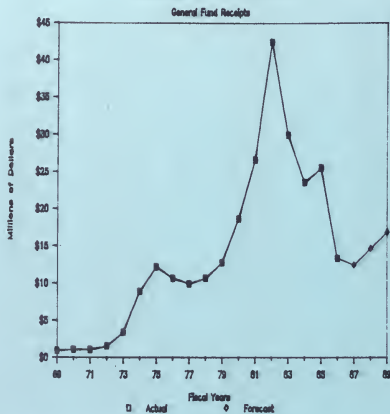
Interest rates are forecast to drift downward until mid-1987 and then increase in 1988 and 1989. This is based on a less restrictive monetary policy by the Federal Reserve and the expectation of higher inflation rates. Although real interest rates remain high by historic standards, real rates are expected to drift downward. These trends are consistent with the forecasts provided by Wharton Econometrics.

Average daily investable cash balances are anticipated to increase during the forecast period. The increase in gasoline and diesel tax rates, enacted by the 50th Legislature, will increase the investable cash in the Highway Gas Tax account.

GENERAL FUND REVENUES - BY COMPONENT

GENERAL FUND INTEREST ON INVESTMENTS COLLECTIONS

Interest on Investments



FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	1.064999	
1971	1.027335	- 3.54%
1972	1.507755	46.76%
1973	3.391643	124.95%
1974	8.884671	161.96%
1975	12.150937	36.76%
1976	10.607372	-12.70%
1977	9.891246	- 6.75%
1978	10.663504	7.81%
1979	12.714971	19.24%
1980	18.633664	46.55%
1981	26.566775	42.57%
1982	42.442544	59.76%
1983	29.918421	-29.51%
1984	23.527514	-21.36%
1985	25.527889	8.50%
1986	13.285291	-47.96%
PROJECTED		
1987	12.385000	- 6.78%
1988	14.607000	11.67%
1989	16.793000	14.97%

Long-Range Bond Excess

Each biennium all agencies are requested to submit proposals for capital projects to be funded from the sale of long-range building bonds. If the legislature authorizes the sale, the principal and interest charges are paid from the long-range building debt service account. Revenues deposited to this account include portions of the individual income tax, corporation license tax, cigarette tax and tobacco tax. When the amount of money in the debt service account exceeds the annual principal and interest payments, the excess is transferred to the general fund.

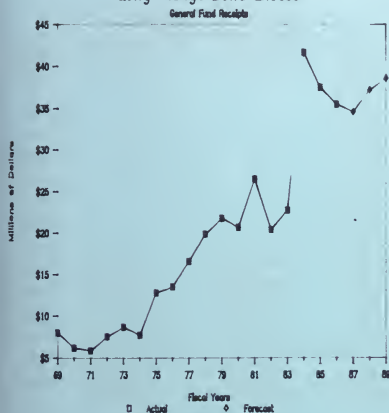
Historically, revenues from this source were estimated by adding anticipated receipts from the tax sources mentioned

above and subtracting the necessary principal and interest payments. However, in FY84, the Department of Administration began transferring all debt service revenues to the general fund. A general fund appropriation was also established to transfer the necessary principal and interest payments back to the debt service account. These accounting transactions had zero impact on the general fund balance.

The 50th Legislature did not authorize the sale of any additional long range building bonds during the 1988-89 biennium that will require additional general fund debt payments. Discussions of the tax forecasts are presented elsewhere in this document.

GENERAL FUND LONG-RANGE BOND EXCESS COLLECTIONS

Long-Range Bond Excess



FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	6.200000	
1971	5.850000	- 5.65%
1972	7.540000	28.89%
1973	8.685000	15.19%
1974	7.717204	-11.14%
1975	12.787314	65.70%
1976	13.512425	5.67%
1977	16.589012	22.77%
1978	19.900000	19.96%
1979	21.800000	9.55%
1980	20.700000	- 5.05%
1981	26.500000	28.02%
1982	20.450000	-22.83%
1983	22.797971	11.48%
1984	41.682643	82.83%
1985	37.535668	- 9.95%
1986	35.487786	- 5.46%
PROJECTED		
1987	34.571000	- 2.58%
1988	37.183000	7.56%
1989	38.401000	3.28%

Coal Trust Fund Interest

Article IX, section 5, of the Montana Constitution requires the Department of Revenue to deposit 50% of the coal severance tax receipts to the permanent trust fund. The principal cannot be spent unless three-fourths of the members of each house votes for its appropriation. The interest earned on the fund is available for appropriation each biennium. Interest earned on the fund is deposited in a clearance account and reinvested until appropriated.

In 1982 voters approved Initiative 95 which required one-fourth of all future deposits to the permanent trust fund be invested in the Montana economy. This redistribution has caused investment income to grow at a slower rate. However, as this policy stimulates economic development, collections from personal and corporate income taxes will increase, offsetting a portion of the loss in investment income.

The 48th Legislature established the authority to issue and sell coal severance tax bonds for financing specific water

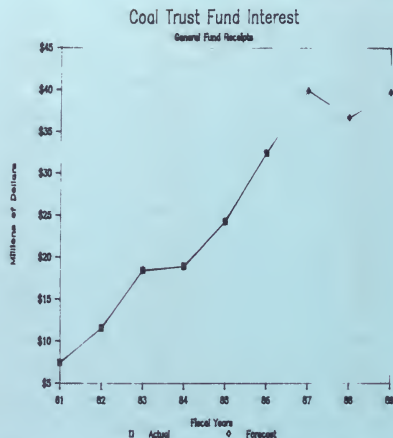
resource development projects. Debt service on these bonds is retired primarily with pledged project and coal severance tax revenues. This requirement will reduce permanent trust fund receipts by about \$336,000 and \$329,000 in fiscal years 1988 and 1989, respectively.

Total permanent trust interest income is projected to increase over the forecast period. Balances available for investment are expected to increase because of additional coal severance tax receipts being deposited to the permanent trust. Long-term interest rates as forecast by Wharton Econometrics are estimated to gradually increase by calendar year 1989.

From FY84 to FY86 85% of the interest earnings from the coal tax trust was deposited in the general fund, with 15% remaining in the trust fund. SB 228, which was passed by the 50th Legislature requires that 100% of the interest earnings be deposited in the general fund in FY87. This percentage changes to 98% in FY88 and FY89, with the other 2% remaining in an expendable trust fund.

GENERAL FUND REVENUES - BY COMPONENT

GENERAL FUND COAL TRUST FUND INTEREST COLLECTIONS



FISCAL YEAR	TOTAL COLLECTIONS (MILLION \$)	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970			
1971			
1972			
1973			
1974			
1975			
1976			
1977			
1978			
1979			
1980			
1981	7.421901	7.421901	
1982	11.542421	11.542421	55.52%
1983	18.466762	18.466762	59.99%
1984	22.291337	18.947636	2.60%
1985	28.672038	24.299902	28.25%
1986	38.168226	32.443208	33.51%
PROJECTED			
1987	39.867000	39.868000	22.89%
1988	37.391000	36.644000	- 8.09%
1989	40.495000	39.685000	8.30%

Insurance Premiums Tax

The insurance premiums tax is levied on the net premiums or gross underwriting profit for each insurance company operating in Montana. The tax was first enacted in 1897 and has been modified several times since then. The current tax rate is 2.75% of net premiums on policies sold in Montana. Receipts from the tax are distributed to the police and firemen pension funds with the remainder going to the general fund.

In addition to the premiums tax, there are additional insurance license and fee revenues collected by the State Auditor. These revenues are deposited in a state special revenue account for the operation of the insurance program. Any excess left in the account at the end of each fiscal year is deposited to the general fund.

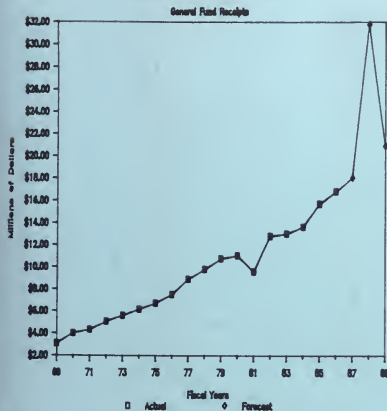
The level of insurance tax receipts is dependent on the affordability of insurance and the attitude of consumers toward insurance purchases. Based on a slow growth in total personal income and employment and an anticipated stability in insurance rates, taxes for fiscal years 1987 through 1989 are forecast to increase by about 5.5%. This rate is consistent with the growth observed from 1980 to 1983.

The \$31.8 million general fund estimate for FY 88 is due to HB 880, passed by the 50th Legislature. This legislation accelerated insurance premium payments from an annual to a quarterly reporting period. An additional \$12.6 million should be deposited in the general fund in FY 88 by accelerating payments from FY 89 to FY 88.

Senate bill 429 passed by the 48th Legislature increased the state's contribution to the police and firemen pension funds. These changes have been incorporated in the revenue estimates.

GENERAL FUND INSURANCE PREMIUMS TAX COLLECTIONS

Insurance Premiums Tax



FISCAL YEAR	TOTAL COLLECTIONS (MILLION \$)	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	4.931700	4.003699	
1971	5.383425	4.333425	8.24%
1972	6.115751	5.065751	16.90%
1973	6.812473	5.612473	10.79%
1974	7.366923	6.166923	9.88%
1975	8.323217	6.723217	9.02%
1976	9.101597	7.496699	11.50%
1977	10.766727	8.885923	18.53%
1978	12.106652	9.787436	10.15%
1979	13.748226	10.748226	9.82%
1980	14.492757	11.031794	2.64%
1981	15.254036	9.551061	-13.42%
1982	16.054771	12.790003	33.91%
1983	17.011494	13.011479	1.73%
1984	18.772261	13.621332	4.69%
1985	20.003012	15.691565	15.20%
1986	22.484437	16.780399	6.94%
PROJECTED			
1987	24.086000	18.019000	7.38%
1988	38.275000	31.782000	76.38%
1989	27.673000	20.861000	-34.36%

Public Institution Reimbursements

The Department of Institutions receives reimbursements for the cost of sheltering and treating residents of the state institutions. There are four sources of reimbursement income:

- o state and federally matched Medicaid monies;
- o insurance proceeds from companies with whom the resident is insured;
- o payments by residents or persons legally responsible for them;
- o federal Medicare funds.

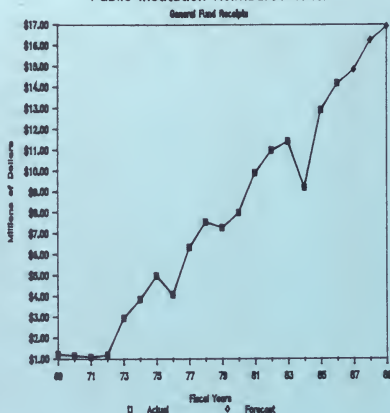
All revenue collected from these sources is deposited in the general fund. The one exception is the Veterans' Home receipts, which are returned to the institution.

Most of the reimbursements come from state and federally matched Medicaid payments. For example, in FY85, approximately 88% of all reimbursements collected were Medicaid receipts. Forecasts for this component are based on the Medicaid budget for the Department of Social and Rehabilitation Services.

The other three components of reimbursement are expected to increase by the rate of inflation or roughly 3 to 5% per year.

The estimates for fiscal years 1987, 1988 and 1989 do not include Medicaid reimbursements from the Montana Youth Treatment Center at Billings. The center was sold in December of 1986.

GENERAL FUND PUBLIC INSTITUTION REIMBURSEMENTS COLLECTIONS
Public Institution Reimbursements



FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	1.146193	
1971	1.069182	- 6.72%
1972	1.184218	10.76%
1973	2.945826	148.76%
1974	3.838150	30.29%
1975	4.964138	29.34%
1976	4.054219	-18.33%
1977	6.324501	56.00%
1978	7.532377	19.10%
1979	7.264924	- 3.55%
1980	7.981975	9.87%
1981	9.899562	24.02%
1982	10.974196	10.86%
1983	11.406505	3.94%
1984	9.179921	-19.52%
1985	12.895427	40.47%
1986	14.166104	9.85%
<hr/>		
	PROJECTED	
1987	14.822000	- 4.63%
1988	16.240000	9.57%
1989	16.894000	4.03%

Liquor Profits and Excise Tax

The Department of Revenue is authorized to sell liquor and wines to the public and retail liquor establishments throughout the state. These sales result in profits which are deposited in the general fund.

Prices established by the department include a standard mark-up, a 16% excise tax and a 10% license tax. All of the excise tax is deposited in the general fund. The license tax is distributed to the Department of Institutions and cities, towns and counties for alcohol treatment and rehabilitation programs.

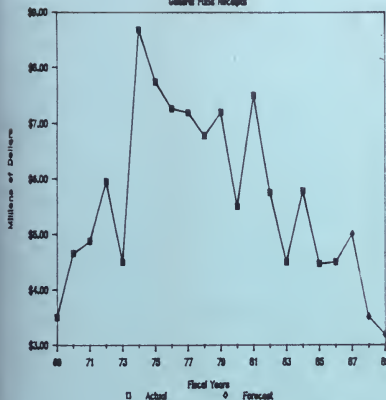
Liquor sales for fiscal year 1987 through 1989 are expected to decline from their FY86 level. Although total personal income is growing, there appears to be a national trend toward moderation in liquor consumption. The increased profits in FY87 are attributable to a reduction in the liquor division's inventory of goods.

The deficit reduction package passed by Congress on October 1, 1985, increased the federal tax on alcohol by 19.05%. This change increased Montana's total liquor tax revenues which translated to larger profits and higher excise taxes. The forecasts for liquor profits and excise taxes are based on no further changes in the federal laws.

GENERAL FUND LIQUOR PROFITS COLLECTIONS

Liquor Profits

General Fund Receipts

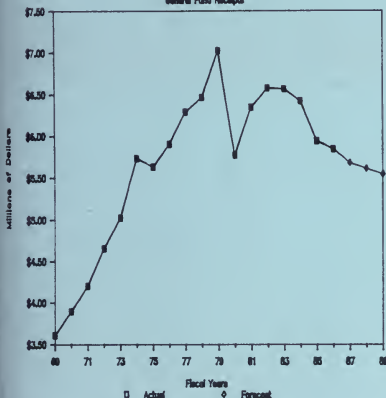


FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	4.653815	
1971	4.878745	4.83%
1972	4.950000	21.96%
1973	4.500000	-24.37%
1974	8.675600	92.79%
1975	7.738305	-10.80%
1976	7.260551	-6.17%
1977	7.189862	-0.97%
1978	6.778951	-5.72%
1979	7.200000	6.21%
1980	5.500887	-23.60%
1981	7.499113	36.33%
1982	5.750000	-23.32%
1983	4.500000	-21.74%
1984	5.782000	28.49%
1985	4.466000	-22.76%
1986	4.500000	0.76%
PROJECTED		
1987	5.000000	11.11%
1988	3.507000	-29.86%
1989	3.185000	-9.18%

GENERAL FUND LIQUOR EXCISE TAX COLLECTIONS

Liquor Excise Tax

General Fund Receipts



FISCAL YEAR	TOTAL COLLECTIONS (MILLION \$)	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	4.871287	3.892771	
1971	5.256299	4.197793	7.84%
1972	5.832888	4.652984	10.84%
1973	6.285037	5.022561	7.94%
1974	7.044522	5.730242	14.09%
1975	7.383326	5.625391	-1.83%
1976	7.744188	5.900333	4.89%
1977	8.251359	6.286748	6.55%
1978	10.528892	6.459007	2.74%
1979	11.406432	7.022237	8.72%
1980	9.367704	5.764741	-17.91%
1981	10.300261	6.340958	10.00%
1982	10.675236	6.572066	3.64%
1983	10.655421	6.559727	-0.19%
1984	10.422641	6.415784	-2.19%
1985	9.642852	5.935058	-7.49%
1986	9.482576	5.836884	-1.65%
PROJECTED			
1987	9.214000	5.670000	-2.86%
1988	9.104000	5.602000	-1.20%
1989	8.994000	5.535000	-1.20%

to the beneficiary. All revenue collected from the inheritance tax is deposited in the general fund.

Inheritance Tax

The inheritance tax is imposed on the transfer of any decedent's property, interest in property or income from property within the state to any other person or corporation except a surviving spouse, or governmental or charitable organization. The tax rate varies from 0 to 32% depending on the size of the estate and the relationship of the decedent

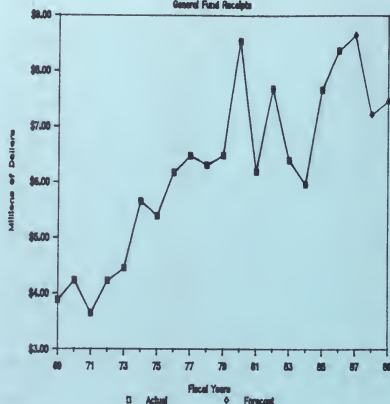
Since 1980 revenues from inheritance taxes have fluctuated erratically because of legislative changes, accounting procedures and the processing of several large estates. The forecasts for fiscal years 1987 through 1989 are based on an underlying 3.3% annual growth rate. However, FY87 includes a large estate settlement of approximately \$1.5 million in taxes.

GENERAL FUND REVENUES - BY COMPONENT

GENERAL FUND INHERITANCE TAX COLLECTIONS

Inheritance Tax

General Fund Receipts



FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	4.233429	
1971	3.645252	-13.89%
1972	4.233991	16.15%
1973	4.457188	5.27%
1974	5.659992	26.99%
1975	5.395236	-4.68%
1976	6.180106	14.55%
1977	6.483191	4.90%
1978	6.312432	-2.63%
1979	6.490196	2.82%
1980	8.537242	31.54%
1981	6.195069	-27.43%
1982	7.680529	23.98%
1983	6.398489	-16.69%
1984	5.960471	-6.85%
1985	7.656622	28.46%
1986	8.364764	9.25%
PROJECTED		
1987	8.645000	3.35%
1988	7.211000	-16.59%
1989	7.450000	3.31%

Metal Mines Tax

The metalliferous mines license tax is imposed on the production of metals, gems or stones in the state. The tax rate is applied to the gross value of the product, which is defined as the market value of the commodity multiplied by the quantity produced. No deductions are allowed for smelting, reductions or treatments.

For tax years beginning after December 31, 1984, the tax rate is as follows:

Gross Value	Rate
\$0-\$250,000	Exempt
\$250,000-\$500,000	.50%
\$500,000-\$1,000,000	1.00%
Greater Than \$1,000,000	1.50%

Historically, the metal mines tax has been deposited in the general fund. Beginning in FY86, one-third of the receipts were deposited in a hard-rock mining trust account.

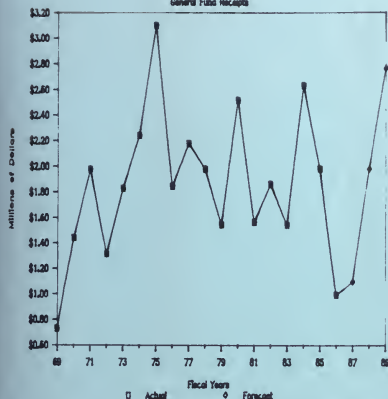
Metal prices, metal production and the effective tax rate are the major factors that determine the level of metal mines tax receipts. Production for gold, silver and copper are expected to increase during the forecast period with the inclusion of new mines. Prices are assumed to remain relatively stable at calendar year 1986 levels.

Major companies that are currently operating in Montana include Golden Sunlight, ASARCO, Montana Resources, Landusky and Zortman. New companies that are anticipated to begin operating by the end of calendar year 1988 include Centennial, Homestake and the Stillwater Project.

GENERAL FUND METAL MINES TAX COLLECTIONS

Metal Mines Tax

General Fund Receipts



FISCAL YEAR	TOTAL COLLECTIONS (MILLION \$)	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	1.440898	1.440898	
1971	1.976202	1.976202	37.15%
1972	1.313736	1.313736	-33.52%
1973	1.828501	1.828501	39.18%
1974	2.239654	2.239654	22.49%
1975	3.099368	3.099368	38.39%
1976	1.845076	1.845076	-40.47%
1977	2.177777	2.177777	18.03%
1978	1.978993	1.978993	-9.13%
1979	1.544518	1.544518	-21.95%
1980	2.516820	2.516820	62.95%
1981	1.564569	1.564569	-37.84%
1982	1.861208	1.861208	18.96%
1983	1.542061	1.542061	-17.15%
1984	2.630135	2.630135	70.56%
1985	1.977324	1.977324	-24.82%
1986	1.479993	0.989852	-49.94%
PROJECTED			
1987	1.631000	1.093000	10.42%
1988	2.948000	1.975000	80.70%
1989	4.123000	2.762000	39.85%

Electrical Energy Tax

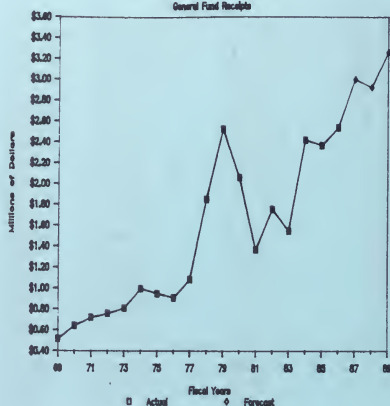
The electrical energy tax is imposed on each person or organization engaged in generating, manufacturing or producing electrical energy in Montana. The tax rate of \$.0002 per kilowatt-hour is levied against all electrical energy produced within the state. A deduction is allowed for "actual and necessary" energy used by the plant for the production of the energy. All receipts are deposited in the general fund.

Total Montana electricity production is projected to decline during calendar year 1987. Colstrip units 3 and 4 have had mechanical problems and are not expected to resume production until mid 1987. Electricity generation is expected to increase during calendar years 1988 and 1989.

An audit by the Department of Revenue in FY84 generated \$552,000 in additional revenue collections. This one-time adjustment has been accounted for in subsequent years.

GENERAL FUND REVENUES - BY COMPONENT

GENERAL FUND ELECTRICAL ENERGY TAX COLLECTIONS



FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	0.639343	
1971	0.717378	12.21%
1972	0.756795	5.49%
1973	0.805716	6.46%
1974	0.992950	23.24%
1975	0.946504	- 4.68%
1976	0.907698	- 4.10%
1977	1.082858	19.30%
1978	1.850994	70.94%
1979	2.523707	36.34%
1980	2.060960	-18.34%
1981	1.367959	-33.63%
1982	1.753173	28.16%
1983	1.546157	-11.81%
1984	2.413172	56.08%
1985	2.361855	- 2.13%
1986	2.530403	7.14%
PROJECTED		
1987	2.992000	18.24%
1988	2.914000	- 2.61%
1989	3.256000	11.74%

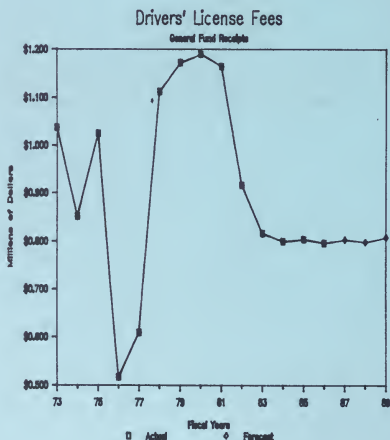
Drivers' License Fees

A resident of Montana must have a valid driver's license to operate a motor vehicle on any highway in the state. A driver's license is issued only if the applicant passes specified examinations and pays a \$12 fee. The fees are collected by motor vehicle division staff or county treasurers and are forwarded to the state treasurer for deposit. Forty percent of the fees collected go to the general fund, 23 1/3% to the traffic safety and education account, 33 1/3% to the highway

patrol retirement account and 3 1/4% to counties or the Department of Justice, depending on who collects the fee.

Drivers' license fees are influenced by Montana population growth in the age cohort 16 years and older. It is estimated that the number of people in this group will increase by approximately .3% per year. Based on this growth rate and the unequal distribution of renewals each year, receipts are expected to fluctuate from year to year.

GENERAL FUND DRIVERS' LICENSE FEES COLLECTIONS



FISCAL YEAR	TOTAL COLLECTIONS (MILLION \$)	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	1.107303	1.037772	
1971	0.907824	0.851094	-17.99%
1972	1.082272	1.024492	20.37%
1973	0.572576	0.516664	-49.57%
1974	0.669181	0.609501	17.97%
1975	1.174732	1.111813	82.41%
1976	1.237413	1.171820	5.40%
1977	1.302032	1.189350	1.50%
1978	1.270064	1.163647	- 2.16%
1979	1.376728	0.916606	-21.23%
1980	1.427548	0.816365	-10.94%
1981	1.328563	0.799616	- 2.05%
1982	1.320716	0.803983	.55%
1983	1.960814	0.796349	- 0.95%
PROJECTED			
1987	1.994000	0.804000	0.93%
1988	1.982000	0.799000	- 0.64%
1989	2.007000	0.809000	1.26%

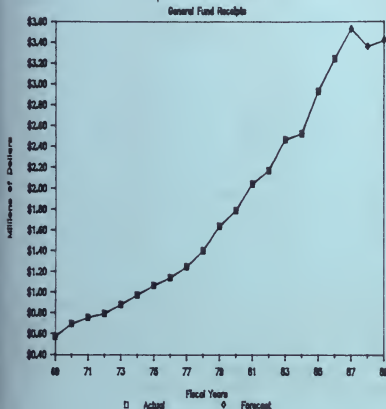
Telephone License Tax

The telephone company license tax is levied on the gross income earned by any telephone business within the state, including the transmission of telephone messages by line or by microwave equipment. An exemption is allowed for the first \$250 of gross income earned each quarter. The current tax rate of 1.725% is applied to the adjusted gross income level. All collections are deposited in the general fund.

Revenue forecasts for the telephone tax were based on the average growth rate anticipated by the companies operating within Montana. All companies contacted indicated that possible rate increases were not included in their growth rates. If rate increases are adopted by the Public Service Commission, then the estimates would have to be adjusted accordingly.

GENERAL FUND TELEPHONE LICENSE TAX COLLECTIONS

Telephone License Tax



FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	0.694157	
1971	0.753389	8.53%
1972	0.792593	5.20%
1973	0.879057	10.91%
1974	0.970774	10.43%
1975	1.060939	9.29%
1976	1.137010	7.17%
1977	1.243602	9.37%
1978	1.398137	12.43%
1979	1.634245	16.89%
1980	1.783776	9.15%
1981	2.039383	14.33%
1982	2.167815	6.30%
1983	2.463670	13.65%
1984	2.521905	2.36%
1985	2.931732	16.25%
1986	3.243935	10.65%
PROJECTED		
1987	3.530000	8.82%
1988	3.360000	- 4.82%
1989	3.419000	1.76%

Beer License Tax

A tax of \$4.30 is levied on each barrel of beer produced in or imported into Montana. Currently, 41.86% of the receipts are distributed to the general fund, 34.88% to the Department of Institutions alcoholism account and 23.26% to cities and towns.

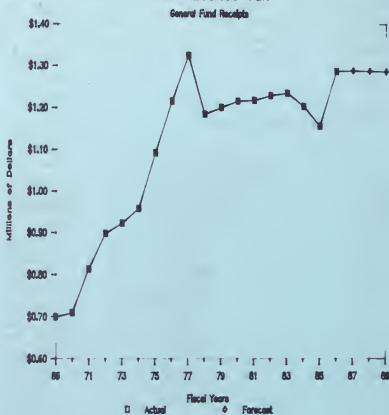
Beer consumption on a per capita basis has declined by 3.8% in FY84, 4.9% in FY85 and 6.0% in FY86. Revenues for fiscal years 1987 through 1989 are projected to continue these trends but at a slower rate of decline. HB 21, which raised the legal drinking age from 19 to 21, should decrease revenues about 2.1% in FY 89.

General fund revenues increased in FY86 because of a tax increase from \$4.00 to \$4.30 per barrel.

GENERAL FUND REVENUES - BY COMPONENT

GENERAL FUND BEER LICENSE TAX COLLECTIONS

Beer License Tax



FISCAL YEAR	TOTAL COLLECTIONS (MILLION \$)	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	1.418508	0.709254	
1971	1.627198	0.813599	14.71%
1972	1.797406	0.898703	10.46%
1973	1.847566	0.923783	2.79%
1974	1.917612	0.958806	3.79%
1975	2.121039	1.092109	13.90%
1976	2.250211	1.215114	11.26%
1977	2.454724	1.325551	9.09%
1978	3.056366	1.185362	-10.58%
1979	3.203812	1.201430	1.36%
1980	3.244011	1.216504	1.25%
1981	3.249022	1.218383	0.15%
1982	3.279701	1.229888	0.94%
1983	3.295482	1.235805	0.48%
1984	3.211297	1.204236	-2.55%
1985	3.083163	1.156186	-3.99%
1986	3.105743	1.287765	11.38%
PROJECTED			
1987	3.078000	1.289000	0.10%
1988	3.075000	1.287000	-0.16%
1989	3.071000	1.286000	-0.08%

Natural Gas Severance Tax

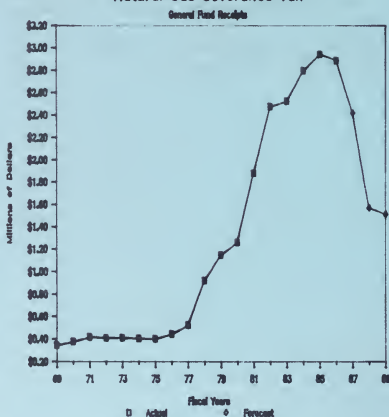
A natural gas severance tax is imposed on the production of natural gas in Montana. The tax rate of 2.65% is applied to the total gross value of natural gas produced from each lease or unit. All receipts, less the county portion, are deposited in the general fund.

If production in any county increases over production in the previous year, taxes on the increased production are returned to the county.

Natural gas production and prices are projected to remain stable throughout the forecast period. The decrease in collections in FY88 and FY89 is attributable to HB 776, passed by the 50th Legislature. This legislation exempted from taxation all new production for the first 24 months of production. Stripper production tax rates were also reduced depending on the level of daily production.

GENERAL FUND NATURAL GAS SEVERANCE TAX COLLECTIONS

Natural Gas Severance Tax



FISCAL YEAR	TOTAL COLLECTIONS (MILLION \$)	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	0.379112	0.379112	
1971	0.418475	0.418475	10.38%
1972	0.410554	0.410554	-1.89%
1973	0.412667	0.412667	0.51%
1974	0.406911	0.406911	-1.39%
1975	0.403359	0.403359	-0.87%
1976	0.445640	0.445640	10.48%
1977	0.527496	0.527496	18.37%
1978	0.923601	0.923601	75.09%
1979	1.151104	1.151104	24.63%
1980	1.498131	1.264024	9.81%
1981	2.065081	1.881292	48.83%
1982	2.681570	2.474811	31.55%
1983	2.701987	2.525059	2.03%
1984	2.982996	2.797996	10.81%
1985	2.945778	2.945778	5.28%
1986	2.890666	2.890666	-1.87%
PROJECTED			
1987	2.528000	2.421000	-16.25%
1988	1.659000	1.574000	-34.99%
1989	1.601000	1.516000	-3.68%

Freight Line Tax

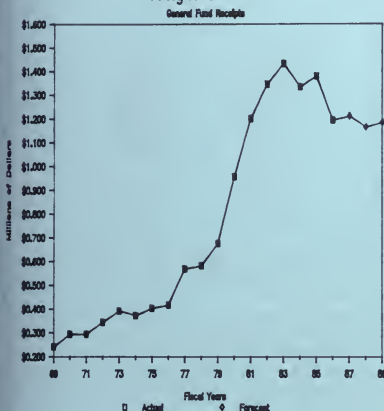
The freight line company tax is assessed on the gross earnings of every railroad freight line company operating in Montana. Freight line companies are defined as companies operating or leasing railroad freight cars but not owning the rails over which the cars travel. The tax rate of 5 1/2% is applied to the gross earnings derived from business during

the calendar year. All monies collected from this tax are deposited in the general fund.

The deregulation of railroads under the Staggers Act of 1980 and the depressed agricultural year of 1985 are responsible for the recent changes in the freight line tax receipt patterns. Future revenues are projected to fluctuate slightly during the forecast period.

GENERAL FUND FREIGHT LINE TAX COLLECTIONS

Freight Line Tax



FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	0.293612	
1971	0.293303	- 0.11%
1972	0.343828	17.23%
1973	0.391288	13.80%
1974	0.371123	- 5.15%
1975	0.402583	8.48%
1976	0.416321	3.41%
1977	0.568326	36.51%
1978	0.582638	2.52%
1979	0.675790	15.99%
1980	0.956356	41.52%
1981	1.200093	25.49%
1982	1.344761	12.05%
1983	1.432164	6.50%
1984	1.334111	- 6.85%
1985	1.379418	3.40%
1986	1.195066	-13.36%
PROJECTED		
1987	1.211000	1.33%
1988	1.166000	- 3.72%
1989	1.186000	1.72%

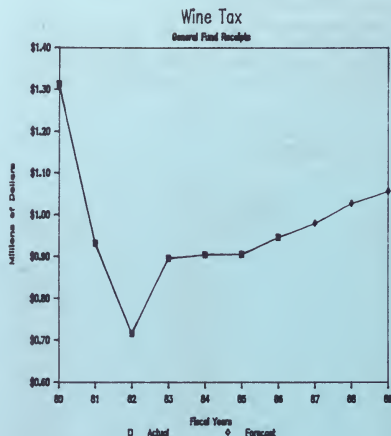
Wine Tax

A wine tax is levied on table wines imported into Montana by wine distributors or the Department of Revenue. The \$2.27 per liter tax is distributed in the following manner: 59.26% to the general fund; 30.89% to the Department of Institutions alcoholism account; 9.85% to counties and cities.

Since wine taxes are not based on the value of the commodity, revenues are a function of consumption. Montana's per capita consumption in fiscal year 1986 grew by 4.0%. Tax receipts are projected to increase due to this trend over the forecast period. HB 21, which raised the legal drinking age from 19 to 21, should decrease collections by 2.1% in FY 89.

GENERAL FUND REVENUES - BY COMPONENT

GENERAL FUND WINE TAX COLLECTIONS

Other Revenue Sources

There are a number of other taxes and fees that individually generate less than \$1 million annually to the general fund.

The statutes governing these taxes, fees and fines are frequently changed, thereby making the comparison of tax years difficult. However, if all the revenue sources are treated as a group, general trends can be identified.

Since FY81, revenues in this category have grown an average of 5.5% per year after adjusting for one-time receipts.

FISCAL YEAR	TOTAL COLLECTIONS (MILLION \$)	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970			
1971			
1972			
1973			
1974			
1975			
1976			
1977			
1978			
1979			
1980	1.595441	1.312406	
1981	1.129641	0.931611	-29.02%
1982	0.888715	0.715246	-23.22%
1983	1.119855	0.895884	25.26%
1984	1.131132	0.904905	1.01%
1985	1.132060	0.905648	0.08%
1986	1.558356	0.946287	4.49%
PROJECTED			
1987	1.652000	0.979000	3.46%
1988	1.733000	1.027000	4.90%
1989	1.781000	1.056000	2.82%

However, from fiscal year 1985 to 1986, receipts increased by only 3.3%. It is assumed this trend will continue throughout the forecast period.

Also included in this category is the anticipated revenue from video poker and keno machine net income taxes, vehicle license fees and public service commission fees.

The revenue estimate for FY87 includes proceeds from the sale of the Montana Youth Treatment Center at Billings and the transfer of funds from the crime victims and junk vehicle accounts.

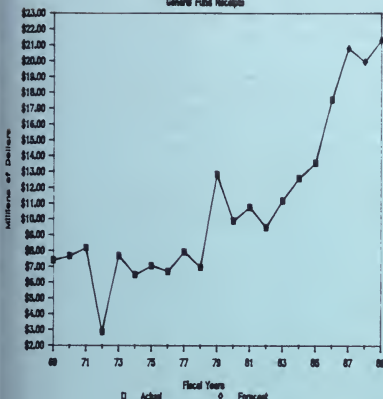
GENERAL FUND REVENUES - BY COMPONENT

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GENERAL FUND OTHER REVENUE COLLECTIONS

Other Revenue Sources

General Fund Receipts



FISCAL YEAR	GENERAL FUND COLLECTIONS (MILLION \$)	PERCENT CHANGE
1970	7.669004	
1971	8.194068	6.85%
1972	2.847773	-65.25%
1973	7.682533	169.77%
1974	6.483429	-15.61%
1975	7.055104	8.82%
1976	6.689457	-5.18%
1977	7.920975	18.41%
1978	6.952651	-12.22%
1979	12.834864	84.60%
1980	9.896386	-22.89%
1981	10.755539	8.68%
1982	9.476049	-11.90%
1983	11.176082	17.94%
1984	12.590802	12.66%
1985	13.558652	7.69%
1986	17.539483	29.36%
PROJECTED		
1987	20.799000	18.58%
1988	19.950000	-4.08%
1989	21.305000	6.79%

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PAY PLAN

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Fiscal Year 1988 & 89 State FTE Frequency Distribution

GRADE	STEP 01	STEP 02	STEP 03	STEP 04	STEP 05	STEP 06	STEP 07	STEP 08	STEP 09	STEP 10	STEP 11	STEP 12	STEP 13	TOTAL
01		.25												.25
04	1.00	9.50	1.84											12.34
05	.13	42.28	39.11	15.68	3.67	5.18	4.18	3.81	1.52	2.59		1.00	3.00	122.15
06	.95	84.68	144.18	35.03	25.35	28.64	14.42	22.50	9.12	8.43	5.00	12.00	19.50	409.80
07	.85	124.62	253.36	96.91	59.69	63.73	57.85	67.86	26.60	30.61	11.01	28.92	62.30	884.31
08	1.70	206.49	235.70	92.34	66.11	54.03	59.47	66.50	39.50	48.50	27.50	27.75	69.00	994.59
09		112.40	149.10	63.73	60.02	63.33	67.90	66.50	36.40	28.00	16.50	26.50	48.00	738.38
10		71.30	151.20	83.06	58.90	59.40	44.59	73.50	41.20	32.98	23.50	64.10	61.25	764.98
11		91.68	125.84	60.87	38.67	37.88	63.00	71.00	50.50	38.75	30.00	103.00	51.00	762.19
12		112.53	133.57	58.00	46.07	44.78	63.25	89.50	58.00	66.00	48.00	98.50	49.00	867.20
13	1.00	100.04	110.05	48.00	53.49	54.35	45.50	87.10	56.50	50.70	66.50	129.30	56.00	858.53
14		87.30	109.65	43.00	34.00	39.45	50.00	74.00	47.50	52.60	57.75	212.00	113.00	920.25
15		54.50	51.75	23.00	17.00	19.00	39.80	59.75	31.00	48.50	51.00	141.00	98.00	634.30
16		25.00	21.00	17.00	12.00	11.00	13.00	33.00	24.50	25.50	30.00	85.00	96.50	393.50
17		11.00	22.00	9.00	12.00	15.00	3.00	17.00	15.00	21.00	21.00	36.50	55.70	238.20
18		7.50	6.00	2.00	3.00	5.00	7.00	8.00	8.00	11.00	5.00	24.00	34.00	120.50
19		1.00	3.60	2.00	2.00	4.00	5.00	7.00	4.00	4.10	8.00	9.00	16.00	65.70
20						2.00	3.00	3.00	2.00		1.00	6.00	7.00	24.00
21		1.00				1.00	1.00	2.00		2.00	1.00	3.75	4.00	15.75
22		2.00		1.00	1.00	1.00		1.00	1.00	2.00		1.00		10.00
23												1.00		1.00
24												1.00		1.00
	5.63	1145.07	1557.96	50.62	492.97	508.77	541.96	753.02	452.34	473.26	402.76	1011.32	843.25	8838.92

Blue Collar Pay Schedules

This pay schedule sets the hourly wage for those workers classified in the blue collar pay schedule. A point factoring method is used to determine the grade to which a blue collar worker is assigned. As shown in the table there are 14 grades with one hourly wage rate for each grade.

BLUE COLLAR PAY PLAN

Grade	Salary	Number of FTE
01	15,578	
02	16,410	
03	17,242	
04	18,074	
05	18,906	26.70
06	19,738	9.00
07	20,570	246.99
08	21,402	70.50
09	22,234	157.25
10	23,066	95.43
11	23,898	129.00
12	24,730	28.00
13	25,562	1.00
14	26,787	33.00
TOTAL		796.87

Physicians' Plan

Section 2-18-303(6) of the MCA states:

The Department of Administration has established the following pay schedule for physicians at state institutions.

<u>Grade</u>	<u>Salary</u>	<u>Number of FTE</u>
02	14,602	6.00
03	15,642	1.00
04	16,224	37.50
05	16,827	9.50
06	18,096	8.50
07	19,469	4.50
08	21,029	4.50
	TOTAL	76.50

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Salaries of Elected and Appointed Officials

Senate Bill 370, of the 49th Legislature established the salaries for elected and appointed officials for the 1987 biennium. These salaries were not changed by the 50th Legislature.

ELECTED AND APPOINTED OFFICIALS SALARIES

Excluding Insurance
(Dollars)

Title	Fiscal 88 and 89 Salary
Governor	\$50,452
Lieutenant Governor	36,141
Supreme Court	
Chief Justice	51,722
Justices	50,452
Attorney General	46,016
State Auditor	33,342
Supt of Public Instruction	39,672
Public Service Commission	
Chairman	37,363
Commissioner	36,141
Secretary of State	33,342
Clerk of Supreme Court	32,401
District Court Judges	49,178
Commissioner Political Practices	27,655
State Tax Appeal Board	
Chairman	28,373
Members	27,635
Legislators (90 day session)	5,408

"Unified Pay Plan" History

Prior to January 1, 1975, the State of Montana did not have a unified pay plan. Pay systems were decentralized within various agencies. Because of this decentralization, many persons performing similar jobs were compensated at substantially different pay levels. This fragmented system made it extremely difficult to set budget levels, compare past wage data and project future budget requirements.

The 1973 Legislature directed the Department of Administration to develop a wage and salary plan for consideration by the 1975 Session. HJR 37 of the 1975 Session adopted the first statewide pay matrix for classified employees. The Public Sector Collective Bargaining Act was also adopted by the 1975 Session.

The following table shows the number of collective bargaining units and the number of employees covered by collective bargaining over the past 14 years. University System bargaining units and employees are not included.

Collective Bargaining

Fiscal Year	Number of Units	Number of Employees
1974	33	4,194
1975	37	4,429
1976	51	4,940
1977	53	4,940
1978	57	5,689
1979	62	5,958
1980	67	5,665
1981	71	5,657
1982	72	5,082
1983	77	5,105
1984	68	5,148
1985	71	5,458
1986	74	5,659
1987	72	5,487

Pay Matrix History

Since the inception of the statewide pay plan each legislative session has provided for matrices for classified employees. The matrices have been provided in statute in most cases. However, the 1981 Session delegated the authority to the Department of Administration to set the matrix by rule. The 1987 Session gave similar authority for the institutional teachers matrix for the 1989 biennium.

Pay increases have varied by grade and step. Lower grade employees have been given larger percentage increases in some bienniums. In some cases a flat dollar increase has been added to a percent increase which had the effect of giving a larger raise to lower salaried employees. Over time this has compressed the pay matrix, reducing the difference in pay between grades.

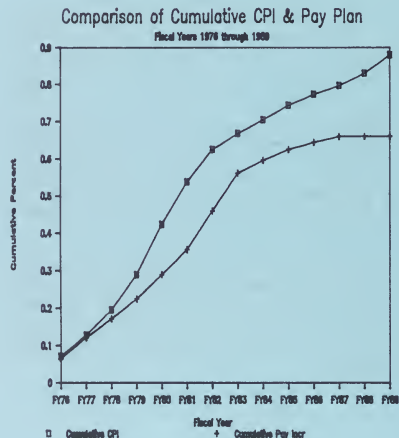
In the fourteen years of the unified pay plan, the salary of grade 8 employees has nearly kept pace with the consumer price index, while grade 12 and 16 employees have not. The following table prepared by the Personnel Division of the Department of Administration shows the percentage growth of three grades since FY1976. The grade 12 step 7 position has been used to illustrate the salary of "average" state employees.

PAY PLAN

Sample of Percent Salary Increases From Previous Fiscal Years
Includes Step Increases
Excludes Insurance Contribution

Grade	FY85 Step	FY76	FY77	FY78	FY79	FY80	FY81	FY82	FY83	FY84	FY85	FY86	FY87	FY88	FY89	Annual Avg.
8	1	7.5%	6.5%	7.2%	7.4%	6.5%	8.0%	13.1%	13.1%	3.9%	4.0%	2.3%	1.8%	0.0%	0.0%	5.8%
8	7	7.5%	6.7%	6.6%	6.8%	6.2%	8.1%	10.8%	10.7%	3.4%	2.4%	2.3%	2.0%	0.0%	0.0%	5.3%
8	13	5.0%	4.1%	4.9%	5.2%	5.5%	5.8%	10.8%	10.7%	3.4%	2.4%	2.3%	2.0%	0.0%	0.0%	4.4%
12	1	7.4%	6.5%	5.8%	5.9%	5.8%	7.1%	11.5%	11.5%	3.8%	3.8%	1.7%	1.4%	0.0%	0.0%	5.2%
12	7	7.5%	6.4%	5.3%	5.5%	5.1%	7.2%	9.2%	9.2%	3.3%	2.7%	1.7%	1.5%	0.0%	0.0%	4.6%
12	13	5.0%	4.1%	3.6%	3.8%	4.3%	5.0%	9.2%	9.2%	3.3%	2.7%	1.8%	1.5%	0.0%	0.0%	3.8%
16	1	7.0%	6.0%	4.7%	4.8%	6.7%	7.1%	10.7%	10.8%	3.7%	3.8%	1.6%	1.3%	0.0%	0.0%	4.9%
16	7	6.8%	5.8%	4.5%	4.6%	9.1%	7.1%	8.5%	8.5%	3.2%	2.2%	1.6%	1.4%	0.0%	0.0%	4.5%
16	13	5.0%	4.1%	3.6%	3.7%	8.0%	5.0%	8.5%	8.5%	3.2%	2.2%	1.6%	1.4%	0.0%	0.0%	3.9%
CPI		7.0%	5.8%	6.7%	9.8%	13.5%	11.5%	8.7%	4.3%	3.7%	3.9%	2.9%	2.4%	3.3%	5.0%	6.3%

The following graph shows the average cumulative growth in percentages for grade 12 step 7 and the corresponding growth in the Consumer Price Index (CPI).



The state contribution to pay for these benefits, is considered part of the pay plan and is negotiated as such. The following table lists the state contribution level since FY1978.

Employer Contribution History

Fiscal Year	Monthly Contribution	Annual Contribution
1978	\$ 20	240
1979	30	360
1980	50	600
1981	60	720
1982	70	840
1983	80	960
1984	90	1,080
1985	100	1,200
1986	105	1,260
1987	115	1,380
1988	115	1,380
1989	115	1,380

Prior to 1979, individual agencies were allowed to provide their own health insurance plans. These plans had varying costs and benefit levels. Beginning April, 1979, the state adopted unified health coverage and purchased insurance from private carriers. In FY81, the state began limited self-insurance with a "minimum premium plan". That plan allowed the state to build up cash reserves and start full self-insurance in FY83.

State contribution levels can be held at the FY87 amount in the coming biennium. As of March 31, 1987, there is currently an unallocated reserve in the insurance fund of \$11.5 million. This reserve will allow current benefit levels to continue through the next biennium without an increase in the monthly contributions.

At the end of the 88-89 biennium, the Department of Administration and the programs' actuary project that the state contribution will need to be raised. This action will be needed to maintain benefit levels and the required reserves for the following biennium.

Group Benefits History

The state group insurance program provides state employees medical, dental and life insurance. Retirees are allowed to participate in the state run program.

PAY PLAN

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The following table shows the group benefit programs' actual income and expenditures since September of 1981, and projections for years 87, 88 and 89.

	Group Insurance Program Income and Expenses							
	9-1-81 to 8-31-82	9-1-82 to 8-31-83	9-1-83 to 8-31-84	9-1-84 to 8-31-85	9-1-85 to 8-31-86	Projected* 9-1-86 to 8-31-87	Projected* 9-1-87 to 8-31-88	Projected* 9-1-88 to 8-31-89
Income	\$11,574,200	\$12,782,400	\$14,964,600	\$17,263,460	\$17,600,248	\$20,161,800	\$20,148,000	\$19,920,300
Expenses	\$9,991,300	\$12,030,400	\$11,966,700	\$13,626,700	\$14,668,344	\$19,382,100	\$21,804,000	\$24,274,200
(Loss) or Excess	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,656,000)	(\$4,353,900)
	\$1,582,900	\$752,000	\$2,997,900	\$3,636,760	\$2,931,904	\$779,700	\$0	\$0

* The projected deficit to reserve is taken from the July 14, 1986 estimate made by Martin E. Segal Company. This company provides actuarial services for the state's group benefits plan.

School Foundation Program

The school foundation program, (including the permissive program), is maintained at the FY87 schedules for the FY88-89 biennium. Despite this freeze in the level of public school support payments, general fund requirements increase because of increasing K-12 enrollments.

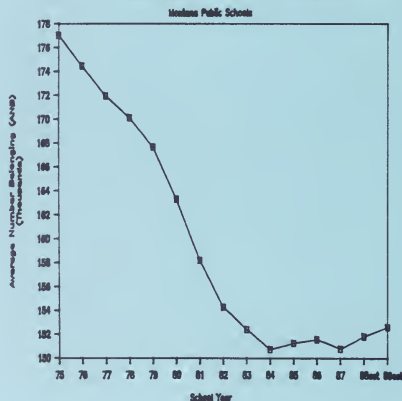
Because of the loss of revenue to the school equalization account and the decline of the statewide property tax base, the 50th Legislature appropriated \$34 million from the education trust, earmarked an additional \$39.5 million from individual income taxes (enacted in HB904) and allocated an additional \$15.2 million from coal tax revenues through passage of SB228.

K-12 Enrollment

Public school enrollment declined from 177,028 in FY75 to 150,711 in FY84. This 26,317 student drop equals almost a 15% decline in nine years. Since FY84 enrollment has been stable. In fact, current enrollment is only 38 students higher than FY84. We project a gradual increase in the total number of students over the next two years.

The following table and graph show the history of enrollment and what we project enrollment will be in the next biennium.

K-12 ENROLLMENT - 1975 TO 1989



Public School Enrollments
Actual and Projected

Fiscal Year	K-12 Enrollment
75	177,028
76	174,451
77	171,944
78	170,117
79	167,664
80	163,276
81	158,185
82	154,256
83	152,386
84	150,711
85	151,246
86	151,557
87	150,749
88est	151,806
89est	152,592

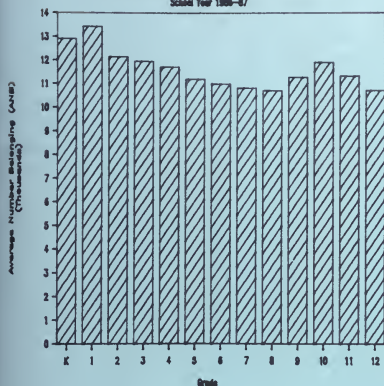
The following table and graph provide detail on how the current school population breaks down by grade level. As can be seen, there appear to be higher enrollments in the earlier grades. This trend will probably mean higher enrollments in the near future. In a time of increasing enrollments, maintenance of the existing schedules requires significant additional revenues.

FY 87 K-12 Enrollment by Grade

Grade	(ANB)
K	12,897
1	13,429
2	12,125
3	11,924
4	11,687
5	11,160
6	10,956
7	10,780
8	10,677
9	11,249
10	11,887
11	11,297
12	10,681
Total	150,749

Public School Enrollment By Grade

School Year 1988-89

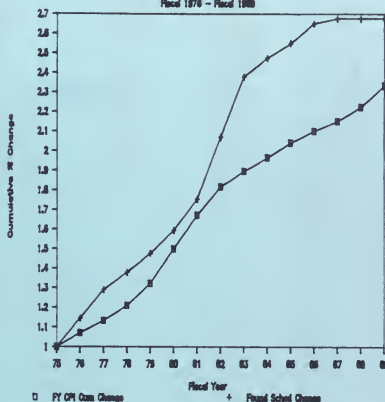


CPI and Public School Costs

The public school funding schedules have more than kept pace with the consumer price index (CPI) since 1975. On a fiscal year basis, the cumulative percentage increases made to the funding schedules have exceeded the cumulative FY CPI increases by a large margin. As shown in the following table and graph, the current schedules, despite the freeze, have been far in excess of consumer inflation.

Foundation Increases vs Change in CPI

Fiscal 1976 - Fiscal 1989

Historical Percentage Changes
Foundation Schedules and CPI

Fiscal Year	ANB	FY CPI %change	Cumulative Foundation	% Change Schedules	Cumulative % change
75			1.0000	1.00	1.0000
76	174,451	7.02	1.0702	14.50	1.1450
77	171,944	5.84	1.1327	12.70	1.2904
78	170,117	6.71	1.2087	6.90	1.3795
79	167,664	9.38	1.3221	7.00	1.4760
80	163,276	13.35	1.4986	8.00	1.5941
81	158,185	11.52	1.6712	10.00	1.7535
82	154,256	8.67	1.8161	18.00	2.0691
83	152,386	4.33	1.8947	15.00	2.3795
84	150,711	3.67	1.9643	4.00	2.4747
85	151,246	3.90	2.0409	3.00	2.5489
86	151,557	2.90	2.1001	4.00	2.6509
87	150,749	2.40	2.1505	1.00	2.6774
88	151,806	3.38	2.2232	0.00	2.6774
89	152,592	5.00	2.3343	0.00	2.6774

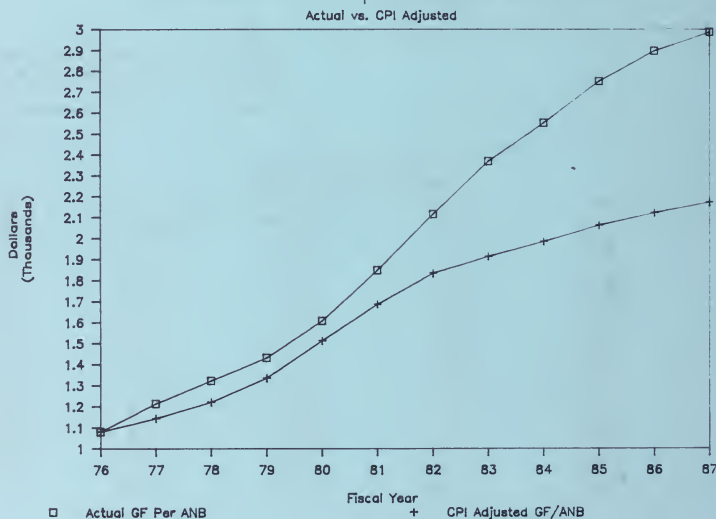
SCHOOL FOUNDATION PROGRAM

Along with substantial increases in the state's share of public education, local commitment has also grown over the same time frame. The following table and graph show the total

public school general fund per student since FY 75. The information also provides the per student cost if that cost had been indexed to the CPI.

Fiscal Year	Gen Fund \$ ANB	FY CPI /ANB	GF/ANB Indexed For	Actual Total Inflation (76 is base)	Total Expenditures	Total Expenditures Indexed
76	174,451	\$1,081	1.0702	\$1,081.00	\$188,527,000	\$188,527,000
77	171,944	\$1,214	1.0584	\$1,144.13	\$208,689,000	\$196,726,357
78	170,117	\$1,323	1.0671	\$1,220.90	\$225,003,000	\$207,696,109
79	167,664	\$1,431	1.0938	\$1,335.42	\$239,914,900	\$223,902,214
80	163,276	\$1,608	1.1335	\$1,513.70	\$262,598,449	\$247,151,039
81	158,185	\$1,848	1.1152	\$1,688.08	\$292,294,061	\$267,028,827
82	154,256	\$2,115	1.0867	\$1,834.44	\$326,251,222	\$282,972,728
83	152,386	\$2,369	1.0433	\$1,913.87	\$360,972,724	\$291,646,516
84	150,711	\$2,552	1.0367	\$1,984.11	\$384,622,537	\$299,026,566
85	151,246	\$2,750	1.0390	\$2,061.49	\$415,980,557	\$311,791,497
86	151,557	\$2,896	1.0290	\$2,121.27	\$439,033,992	\$321,493,165
87	150,749	\$2,986	1.0240	\$2,172.18	\$450,378,369	\$327,453,880

General Fund Expenditures Per ANB



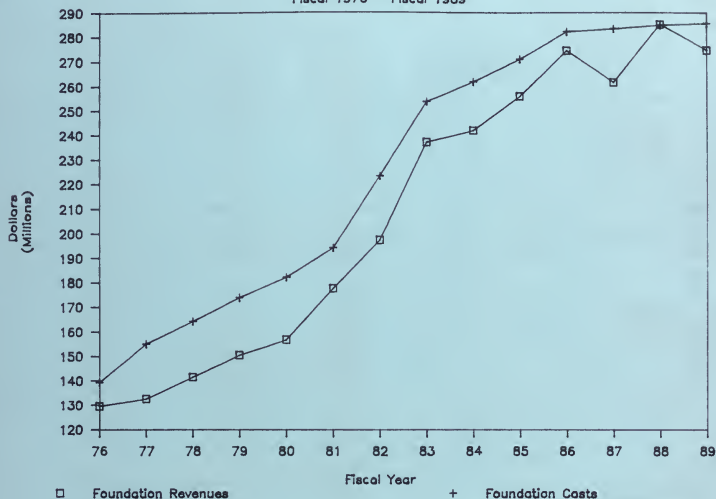
Foundation Program Revenue

Foundation program earmarked revenues and total expenditures are presented in the table and graph below. The foundation program is much more sensitive to changes in oil prices, coal prices and interest rates than the general fund revenues. In times of escalating oil, gas, and coal prices

the earmarked revenues dedicated to the foundation program came close to generating enough revenue to provide for significant increases in the foundation program. When coupled with rising enrollments, declining prices and interest rates dramatically increase the demand on the state's general fund.

Foundation Costs vs Foundation Revenues

Fiscal 1976 - Fiscal 1989



SCHOOL FOUNDATION PROGRAM

PUBLIC SCHOOL SUPPORT
(Figures In Millions)

	ACTUAL FY 86	ESTIMATED FY 87	ESTIMATED FY 88	ESTIMATED FY 89
Schedule Increase In Percent	4.00%	1.00%	0.00%	0.00%
Max. Gf Budget Without Vote	\$282.166	\$283.334	\$284.839	\$285.582
% Change	3.54%	0.41%	0.53%	0.26%
State Revenue				
Income Tax	43.054	48.118	71.694	76.993
Corporation Tax	13.236	8.079	10.540	11.577
Coal Tax	4.211	10.119	11.111	9.531
Interest & Income	37.301	36.181	33.377	34.339
Us Oil & Gas Royalties	12.630	24.252	23.422	22.866
Education Trust Interest	7.759	8.343	2.703	1.397
Education Trust Principal	0.000	0.000	22.000	12.000
County Levy Surplus	18.344			
Total State	\$136.535	\$135.092	\$174.847	\$168.703
% Change	-19.44%	-1.06%	29.43%	-3.51%
Statewide Taxable Valuation	\$2,370.133	\$2,260.762	\$1,921.120	\$1,874.592
% Change	1.68%	-4.61%	-15.02%	-2.42%
County Revenue				
45 Mills	88.312	101.734	86.450	84.357
Elementary Transportation	(3.627)	(3.838)	(3.693)	(3.713)
Cash Reappropriated	3.019	3.138	2.327	0.366
Forest Funds	1.119	1.222	1.222	1.222
Taylor Grazing	0.118	0.122	0.122	0.122
Miscellaneous	6.046	6.061	6.061	6.061
High School Tuition	(0.761)	(0.760)	(0.764)	(0.768)
Total County	\$94.226	\$107.679	\$91.725	\$87.647
% Change	1.63%	14.28%	-14.82%	-4.45%
District Revenue				
Permissive Levy	17.674	17.385	17.290	16.871
Light Vehicle Replacement	1.565	1.426	1.274	1.356
Total District	\$19.239	\$18.811	\$18.564	\$18.227
% Change	4.88%	-2.22%	-1.32%	-1.81%
Total State,County,District	\$250.000	\$261.582	\$285.136	\$274.577
% Change	-10.88%	4.63%	9.00%	-3.70%

Supplemental Appropriations

During the 50th Legislature, \$49,000,756 was appropriated in House Bill 434 for FY87 governmental operations. The bulk of these dollars went to the Department of Social and Rehabilitation Services. House Bill 2, the general appropriations act, also contains two FY87 supplementals from the local impact and education trust fund totalling \$142,055. These funds are appropriated to the Department of Revenue and the Department of Justice for implementation of Senate Bill 200 which changes motor vehicle license fees.

House Bill 434 also provides for the transfer of \$35 million from the local impact and education trust fund to the state general fund. This transfer of funding was required to help pay the cost of the supplementals incurred in FY87 and provide for a positive cash balance for the FY86-87 Biennium.

The following narrative explains the major supplementals approved for fiscal year 1987. In addition to the narrative, a history of supplemental activity is presented in several tables and graphs.

DEPARTMENT OF ADMINISTRATION

State Tax Appeals Board

\$491,362 general fund - This supplemental provides funding to replace money transferred to the State Tax Appeals Board to cover the substantial increase in workload stemming from property tax appeals because of the completion of reappraisal.

OFFICE OF PUBLIC INSTRUCTION

Title IX Sex Equity Lawsuit

\$100,609 general fund - This supplemental provides funds to pay for expenses incurred by the Office of Public Instruction in its defense in the Title IX Sex Equity Lawsuit. This suit involves athletic programs in Montana's Public Schools.

Foundation Program Lawsuit

\$234,313 general fund - These funds help pay for expenses incurred in the Foundation Lawsuit brought against the state by various school districts. The suit challenges Montana's system and level of funding K-12 education.

School Transportation

\$281,586 general fund - This supplemental provides funding for the state transportation costs of K-12 education. Because the reimbursement amount to local schools is set by statute, any shortfall in the transportation payments is funded through the supplemental process.

School Foundation Program

\$1,000,000 - general fund - These funds are based on the assumption that the revenue generated to the school equalization account will not be sufficient to cover the anticipated reimbursements to public schools. Statute provides that any shortfall in equalization aid shall be funded through the supplemental process.

MONTANA UNIVERSITY SYSTEM

MSU - Fee Waiver

\$207,657 general fund - Montana State University received a supplemental appropriation to correct an error in the Scholarship and Fellowships appropriation. Mandatory fee waiver funding was not included in MSU's appropriation for either fiscal 86 or 87. The fact

that funds for mandatory waivers were not included in the appropriation does not relieve the University of its responsibility to grant fee waivers to those students who qualify for them.

DEPARTMENT OF STATE LANDS

Forestry - Fire Suppression

\$557,462 general fund - This supplemental provides funding for fire suppression costs in the Forestry Division. Because of the difficulty in estimating what kind of fire season we will have, the legislature has adopted the policy of paying for past fire costs by supplemental funding. This request covers the 1986 fire season and one carryover bill from the 1985 season.

Special Session II also added an additional \$3,185,472 for fire suppression costs in FY86. This amount is included in the historical tables and graphs.

DEPARTMENT OF COMMERCE

Local Government Block Grant

\$1,814,822 general fund - This supplemental allows compliance with the Montana Supreme Court's order which requires a state block grant payment to Lewis and Clark County. This amount is for reimbursement payments not received in the past due to a county error. This amount has been distributed to other counties over the life of the block grant program.

DEPARTMENT OF INSTITUTIONS

Corrections Medical

\$680,000 general fund - These funds augment the corrections medical budget. The supplemental is needed due to two reasons. First, the average daily population increased substantially over the 1984 population on which the original appropriation was based. Second, the cost per resident has escalated beyond the 1984 base cost. The appropriation was based on an average cost of \$575.94 per year. Actual costs in FY85 was \$738.82.

Worker's Compensation

\$2,110,265 general fund - This supplemental covers increased Workers' Comp costs for all of the institutions. A breakdown by institution is:

Montana State Hospital	-	\$1,129,999
Montana Developmental Center	-	416,959
Montana State Prison	-	331,176
Eastmont	-	71,442
Center for the Aged	-	20,588
Vets Home	-	10,157
Pine Hills	-	(3,086)
Mountain View	-	(3,068)
Others	-	130
Interest loss	-	135,968
Total		<u>\$2,110,265</u>

Prison Lawsuit

\$351,291 general fund - This supplemental provides funding for payment of damages incurred at the Prison because of a law suit involving a malpractice settlement incurred by a local physician and his insurance company. The doctor's contract had a hold harmless clause leaving the state liable under the original lawsuit by a former inmate.

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

Foster Care

\$1,727,008 general fund, \$107,922 federal special & \$378,377 other special (county) - Foster care benefits received a supplemental appropriation due to foster care and group home placements above the number estimated by the 1985 session. In addition, the number of placements by type of placement also changed between the last legislature and this session as different foster care benefits have different funding mixes.

Aid to Families with Dependent Children (AFDC)

\$2,378,109 general fund, \$5,915,012 federal special & \$196,745 other special (county) - The most recent estimate of AFDC caseload for FY87 is 9,352. Budgeted caseload for FY87 is 8,083. This supplemental provides funding for the anticipated caseload through the end of FY87. These costs are based on 8,464 regular cases at \$321.50 per month and 888 unemployed parent cases at \$422.00 per month.

General Assistance (GA)

\$2,905,006 general fund - The state General Assistance Program received supplemental funding due to the district court ruling that SRS cannot limit any recipient's GA benefits to two months in any twelve month period. The amount was increased 1.5 million due to the inability to move unexpended funds from FY 86 to FY87.

Special Session II appropriated \$3,638,948 for general assistance. \$2,138,948 in general fund from this past

supplemental is included in the historical graphs and tables. The balance of \$1,500,000 reverted to the general fund at the end of FY86.

State Medical

\$2,547,951 general fund - Claims for state medical assistance are higher than estimated during the 1985 Legislature. To date the number of claims paid is running much higher than a year ago. This program is 100% general fund.

Medicaid Youth

\$488,400 general fund & \$1,011,600 federal special - Rivendell Youth Treatment Center is expected to receive medicaid certification retroactive to January 1st of this year. This supplemental funds the cost of those medicaid eligible youth at the facility.

Medicaid Other

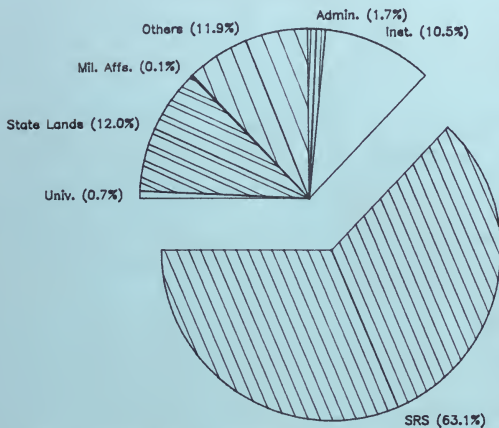
\$7,045,153 general fund & \$13,698,532 federal special - This supplemental appropriation is provided for the medicaid other program due to higher than anticipated AFDC caseloads and higher numbers of claims.

HISTORICAL SUPPLEMENTAL DATA

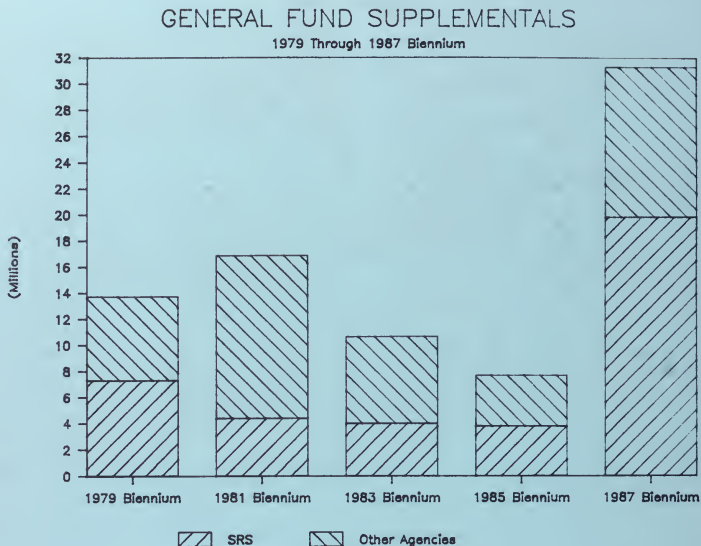
The following tables and graphs show supplemental activity since the FY79 biennium. The tables reflect both general fund and other funds while the graphs show only the general fund.

FY87 GENERAL FUND SUPPLEMENTALS

By Selected Agencies

Supplemental Appropriations by State Agency
1979 Session through 1987 Session

Agency	1979		1981		1983		1985		1987	
	General Fund	Other Fund	General Fund	Other Fund	General Fund	Other Fund	General Fund	Other Fund	General Fund	Other Fund
Admin.	\$1,458,000	\$1,337,000	\$52,500	\$0	\$152,365	\$0	\$64,000	\$0	\$525,112	\$0
Inst.	\$1,785,850	\$468,483	\$4,043,208	\$0	\$1,805,531	\$1,002,100	\$0	\$0	\$3,281,556	\$291,160
SRS	\$7,297,672	\$179,000	\$4,379,606	\$0	\$4,000,000	\$295,020	\$3,768,462	\$1,024,740	\$19,710,236	\$21,174,407
Univ.	\$344,421	\$0	\$4,202,766	\$1,725,704	\$1,898,782	\$1,205,978	\$0	\$0	\$212,157	\$0
DNRC	\$554,440	\$0	\$1,853,314	\$0	\$575,000	\$0	\$0	\$0	\$0	\$0
State Lands	\$0	\$0	\$0	\$0	\$797,355	\$0	\$2,896,992	\$0	\$3,754,734	\$0
Mil. Affs.	\$1,387,491	\$0	\$18,770	\$6,714	\$0	\$1,043,525	\$0	\$0	\$42,404	\$0
Others	\$886,469	\$167,474	\$2,284,644	\$360,565	\$1,383,077	\$1,647,834	\$909,159	\$575,831	\$3,729,548	\$1,890,231
TOTAL	\$13,714,343	\$2,151,957	\$16,834,808	\$2,092,983	\$10,612,110	\$5,194,457	\$7,638,613	\$1,600,571	\$31,255,747	\$23,355,798



FY87 GENERAL FUND SUPPLEMENTALS

Agency	General Fund	Percent
Admin.	\$525,112	1.68%
Inst.	\$3,281,556	10.50%
SRS	\$19,710,236	63.06%
Univ.	\$212,157	0.68%
DNRC	\$0	0.00%
State Lands	\$3,754,734	12.01%
Mil. Affs.	\$42,404	0.14%
Others	\$3,729,548	11.93%
TOTAL	\$31,255,747	

Capital Improvement Projects

This section of the appropriations report presents information on the following programs:

1. Resource Indemnity Trust Fund
2. Water Development Program
3. Cultural & Aesthetics Grant Program
4. Long Range Building Program (LRBP)
5. Oil Overcharge
6. Parks Coal Tax

During each legislative session, appropriations are made for a variety of programs outside the normal operating budgets provided state agencies. Appropriations vary from roof repairs at state institutions to support for performances of Shakespeare throughout the state.

Because these appropriations have grown over the years, the legislature designated a separate committee to review requests for these programs. The Long Range Planning Subcommittee provides recommendations on how these programs should be structured.

The following narrative provides historical information on the various programs and a listing of those projects approved by the 1987 Legislature.

Resource Indemnity Trust Fund

The Resource Indemnity Trust Fund (RIT) was established in 1973. Earnings from the RIT are to be used to "improve the total environment and rectify damage thereto", section 15-38-203 MCA.

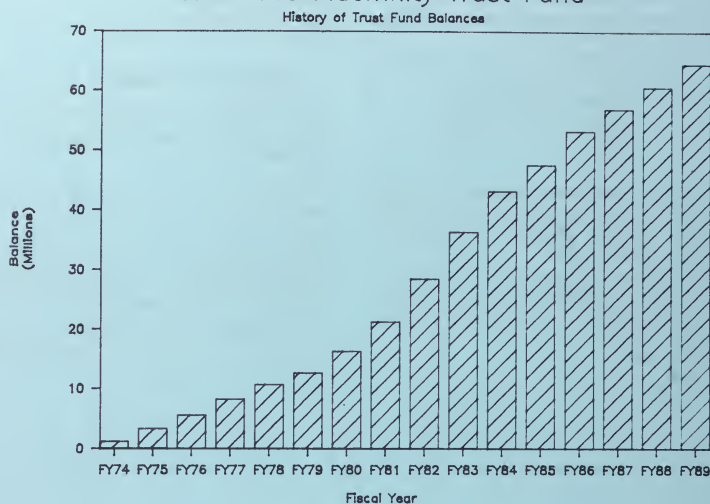
Funding to implement this policy is derived from a tax on mineral production and interest earnings to the established trust fund.

Section 15-38-202, MCA provides that once the trust fund reaches \$10 million, all interest earnings on the trust can be appropriated. The trust reached the \$10 million level in 1978. Once the trust reaches \$100 million, both the interest and tax proceeds can be appropriated.

The following graph and table present the history of the trust fund. FY1987 through FY1989 are estimated figures.

CAPITAL IMPROVEMENT PROJECTS

Resource Indemnity Trust Fund

Resource Indemnity Trust Fund
Yearly Tax and Interest Collections

Fiscal Year	Tax Collections	Interest Earnings	Total Revenue	Trust Fund Balance
FY74	\$1,137,902	\$3,483	\$1,141,385	\$1,141,385
FY75	\$2,050,037	\$96,031	\$ 2,146,068	\$3,287,456
FY76	\$1,981,363	\$283,377	\$2,264,740	\$5,552,291
FY77	\$2,209,719	\$475,082	\$2,684,801	\$8,232,247
FY78	\$2,246,415	\$696,050	\$2,942,465	\$10,646,851
FY79	\$2,107,358	\$908,982	\$3,016,340	\$12,574,209
FY80	\$3,630,322	\$1,175,530	\$4,805,852	\$16,204,531
FY81	\$4,959,025	\$1,607,667	\$6,566,692	\$21,165,464
FY82	\$7,159,153	\$2,294,265	\$9,453,418	\$28,328,946
FY83	\$7,822,036	\$3,789,855	\$11,611,891	\$36,181,889
FY84	\$6,716,089	\$4,225,130	\$10,941,219	\$42,986,128
FY85	\$6,278,740	\$5,526,373	\$11,805,113	\$47,396,179
FY86	\$5,992,270	\$6,487,967	\$12,480,237	\$53,039,675
FY87	\$3,709,000	\$7,447,000	\$11,156,000	\$56,748,675
FY88	\$3,729,000	\$6,275,000	\$10,004,000	\$60,477,675
FY89	\$3,960,000	\$6,666,000	\$10,626,000	\$64,437,675

Trust fund earnings are used for a number of different programs. Thirty percent of the earnings are earmarked for water development. In the FY87 Biennium, 6% of the earnings are earmarked for the Department of Health's hazardous waste program. Starting in July of 1987, this number is increased to 12% and will provide funding for hazardous waste and Superfund projects. Starting in FY1990, another

4% (HB718) is earmarked to the Department of Health for non-superfund sites that require reclamation activity. Eight percent is earmarked (SB373) for the renewable resource development (RRD) program beginning in FY1990. In the past RRD has received RIT funding. This 8% allocation is only slightly higher than the past RIT allocations to this program.

CAPITAL IMPROVEMENT PROJECTS

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The following table shows the various percentages of RIT earnings allocated to various programs and when the earmarking occurred.

RIT Earmarking									
Program	FY83	FY84	FY84	FY85	FY86	FY87	FY88	FY89	FY90
Water Development	30%	30%	30%	30%	30%	30%	30%	30%	30%
Hazardous Waste DHES	0%	0%	0%	0%	6%	6%	12%	12%	12%
Non-Super Fund DHES	0%	0%	0%	0%	0%	0%	0%	0%	4%
RRD DNRC	0%	0%	0%	0%	0%	0%	0%	0%	8%
Unallocated for projects	70%	70%	70%	70%	64%	64%	58%	58%	46%

RIT funds are also utilized to fund state governmental operations that pertain to resource development and their associated impacts. House Bill 6 of the 50th Legislature provides RIT funding for various projects statewide.

The following table presents a breakdown of RIT revenues and disbursements for FY1986 through FY1989.

Resource Indemnity Trust Earnings Balance Sheet				
	FY 86	FY 87	FY 88	FY 89
	Actual	Estimated	Estimated	Estimated
Beginning Balance	2,176,069	1,398,304	698,991	178,628
Estimated Revenue	6,487,967	7,447,000	6,275,000	6,666,000
Revenue Adjustment	0	227,048	0	0
DHES Carryover	0	0	443,000	0
Grant Reversion	0	0	420,313	0
Total Available	8,664,036	9,072,352	7,837,304	6,844,628
Disbursements				
Water Development 30%	1,946,390	2,302,214	1,882,500	1,999,800
DHES 6%	389,278	460,443	376,500	399,960
Superfund 6% - HB 777	0	0	819,500	399,960
Contingency	0	175,000	175,000	0
Operations				
DNRC	1,066,273	819,520	1,310,045	1,261,128
DSL	1,284,729	0	616,704	595,291
DOLI	601,000	580,800	576,000	555,600
U System	1,131,036	0	0	0
Projects(As Delineated on Following Page)	342,644	3,803,145	1,744,481	1,744,480
Project Administration	277,000	(169,000)	70,000	70,000
Water Marketing				
DLS - Water Rights	0	30,000		
Upper Missouri - DNRC	33,515	133,985		
Water Policy	10,923	15,277		
Cooney Dam	25,750	49,250		
Saline Seep	75,000			
DHES	4,192	5,000		
Livestock	0	167,727		
Clark Fork	0	0	90,000	90,000
Total Disbursements	7,187,730	8,377,681	7,660,730	7,116,219
Adjustments	(78,002)	0	0	0
Ending Balance	1,398,304	698,991	176,574	(273,645)

CAPITAL IMPROVEMENT PROJECTS

Projects funded by RIT revenue are listed in the following table. These projects are in the same prioritized order that appears in House Bill 6.

1988-89 RIT PROJECT APPROPRIATIONS

	<u>Applicant Name</u>	<u>Name of Project</u>	<u>Recommended Funding</u>	<u>Accumulative Total</u>
1	Montana Department of State Lands	Upper Blackfoot	\$107,000	\$ 107,000
2	Montana Department of Health and Environmental Sciences	Clark Fork Monitoring	\$205,590	\$ 312,590
3	Montana Department of Fish, Wildlife and Parks	High Ore Creek Reclamation Project	\$198,600	\$ 511,190
4	Montana Department of State Lands	Snowshoe Creek Streambank Reclamation	\$107,000	\$ 618,190
5	Montana Board of Oil and Gas Conservation	Plug-Wilkstrand Simero Well #1	\$ 19,951	\$ 638,147
6	Montana Department of Health And Environmental Sciences	Bannack State Park-Apex Mill Hazardous Waste Cleanup	\$101,200	\$ 739,341
7	Toole County	Provide Reclamation For Past Oil and Gas Extraction, Exploration, and Processing	\$150,000	\$ 889,341
8	Montana Department of State Lands	Nellie Grant Mine Reclamation	\$ 84,900	\$ 974,241
9	Montana Department of Health and Environmental Sciences Solid and Hazardous Waste Bureau	Abandoned Oil Refineries in Montana	\$300,000	\$1,274,241
10	Montana Department of Fish, Wildlife and Parks	Cataract Creek Reclamation Project	\$ 21,565	\$1,295,806
11	Sheridan County Conservation District	Reserve Pit and Oilfield Brine Disposal Assessment	\$100,000	\$1,395,806
12	Montana Board of Oil and Gas Conservation	Plug-Sunburst Disotell Well #1	\$ 55,000	\$1,450,806
13	Montana Board of Oil and Gas Conservation	Plug Well Leaking Gas Gas City Field	\$ 46,330	\$1,497,136
14	Montana State Library	Natural Resources Information System Natural Heritage Program	\$177,970	\$1,675,106
15	Montana Salinity Control Association	Montana Salinity Control Program	\$300,000	\$1,975,106
16	Butte-Silver Bow Government	The Anselmo Mine Yard Reclamation Project	\$150,000	\$2,125,106
17	Lower Musselshell Conservation District	Groundwater From Abandoned Mine Workings For Irrigation & Instream Flows, Lower Musselshell River	\$272,320	\$2,397,426
18	Board of Oil & Gas Conservation	Programmatic Environmental Impact Statement	\$143,800	\$2,541,226
19	Montana Department of Natural Resources and Conservation Water Management Bureau	Sodium & Salinity Sources In The Powder River Basin A Chemical - Budget, Modeling Approach	\$ 89,257	\$2,630,483
20	Montana Department of State Lands	Drill Hole Reclamation in Montana Hole Plugging Trails Utilizing Bentonite	\$100,000	\$2,730,483
21	Montana Department of Natural Resources and Conservation Conservation Districts Division	Montana's Accelerated Soil Survey Program	\$300,000	\$3,030,483
22	Governor's Office Headwaters RC&D, Deer Lodge County Conservation District	Headwaters Research, Conservation, and Development, Deer Lodge Conservation District Clark Fork Reclamation Demonstration For Floodplain Systems Impacted by Mining	\$130,000	\$3,160,483

	<u>Applicant Name</u>	<u>Name of Project</u>	<u>Recommended Funding</u>	<u>Accumulative Total</u>
23	Montana Bureau of Mines and Geology	Groundwater Information Center Deep Aquifer Databases	\$155,950	\$3,316,433
24	University of Montana Botany Dept.	Improve Biotic Resources of the Upper Clark Fork River	\$ 26,638	\$3,343,071
25	Butte-Silver Bow Government	Urban Enhancement/Mitigation of Past Mining & Smelting Damage Through Urban Forestry	\$100,000	\$3,443,071
26	Montana Bureau of Mines and Geology	Low Grade Bentonite for Shot Hole Plugging	\$ 45,890	\$3,488,961

Water Development Program

Background

The water development loan and grant program was established in 1981 by the legislature. The purpose of the program is to promote and advance the beneficial use of water and allow the citizens of Montana to achieve full use of the state's water by providing grant and loan financing for water development projects.

Public entities, private individuals, partnerships and corporations may apply for the financing. Grants and loans to public entities must be approved by the legislature, but loans to private entities can be considered and approved for funding at any time by the DNRC director.

Funding sources for the water development grant program are the coal severance tax (CST) and the resource indemnity trust tax (RIT). The program receives .625% of the gross proceeds of the CST and part of the earmarked 30% of the

RIT interest income. As they become available, these funds are disbursed to approved projects, based upon the project's legislative priority ranking. Since 1981, approximately \$2.8 million in grants have been disbursed to 64 projects, with another \$500,000 still to be distributed.

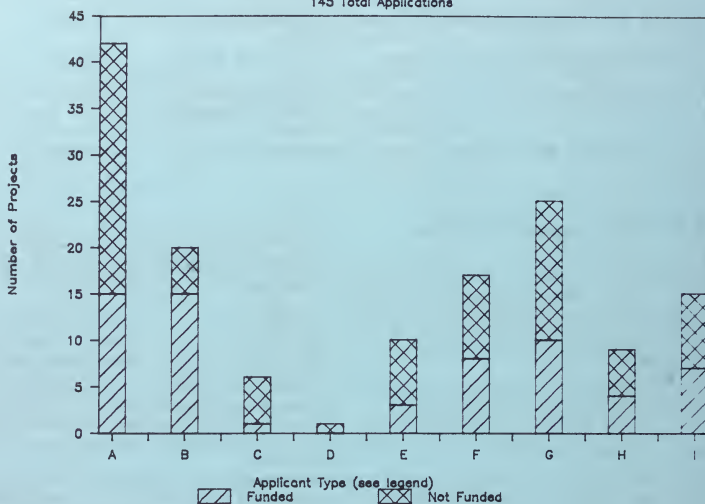
Under the water development loan program, loans larger than \$200,000 are funded by proceeds from CST bonds, and loans \$200,000 or less are funded by proceeds from general obligation (GO) bonds. Private entities are not eligible for loans larger than \$200,000. To fund the loans larger than \$200,000, CST bonds totaling \$28,365,000 have been sold. General obligation bonds totaling \$4,550,000 have been sold to fund small loans. Since 1981, \$3,438,000 in GO loans have been disbursed to private entities, and \$482,000 to public entities.

The following tables and graphs show breakdowns by applicant type and project type for water development projects considered by the 1983 and 1985 Legislatures. This information shows funded and non-funded projects.

CAPITAL IMPROVEMENT PROJECTS

Breakdown by Applicant Type

145 Total Applications



Water Development and Renewable Resource Development Programs

Water Projects

Applications Considered by the 1983 and 1985 Legislatures

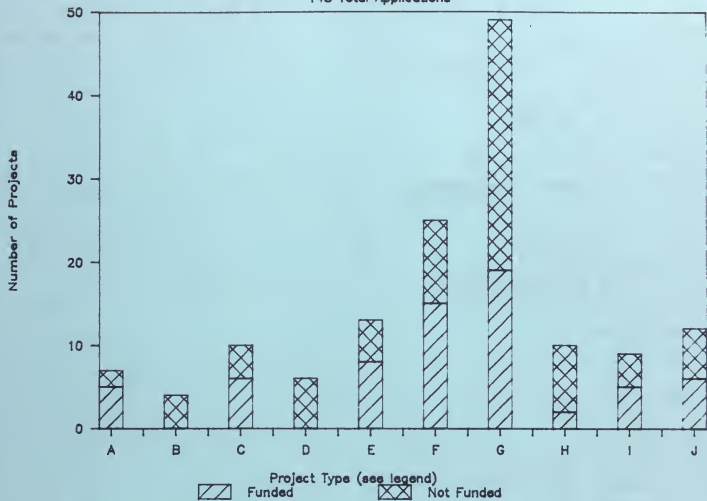
Breakdown By Applicant Type

145 Total Applications

	(A) City	(B) Cons. Dist.	(C) County	(D) Ind. Res.	(E) Irr. Dist.	(F) Private	(G) Agency	(H) Univ.	(I) Water Dist.
Projects Funded	15	15	1	0	3	8	10	4	7
Projects Not Funded	27	5	5	1	7	9	15	5	8
Total Projects Considered	42	20	6	1	10	17	25	9	15

Breakdown by Project Type

145 Total Applications

Breakdown By Project Type
145 Total Applications

	(A) Dams	(B) Flood Cont.	(C) Ground Water	(D) Hydro Power	(E) Invest- gations	(F) Irrig- ation	(G) Water Sewer	(H) Recrea- tion	(I) Rural Water	(J) Stream Stabil.
Projects Funded	5	0	6	0	8	15	19	2	5	6
Projects Not Funded	2	4	4	6	5	10	30	8	4	6
Total Projects Consid- ered	7	4	10	6	13	25	49	10	9	12

Legislative Action

Action of the 50th Legislature significantly affected the water development grant program. Revenues that would have been allocated to grants were diverted to help the state through its revenue shortfall. Because of this diversion, only about five of the approved grants will likely be funded in

the coming biennium. In comparison, over \$1.6 million for 64 projects has been allocated in the previous two bienniums.

The following table lists all of the grant and loan projects approved for the FY88-89 biennium. These projects, along with the non-water renewable resource projects, are included in HB7.

WATER DEVELOPMENT PROGRAM

G: Grant

L: Loan

<u>Applicant/Project</u>	<u>Recommended Funding</u>	
MONTANA STATE LIBRARY		
Montana Water Resources Data Management	G	\$ 97,712
PRIVATE COMPANY		
Lima Dam Rehabilitation	G	64,000
MONTANA BUREAU OF MINES		
Mobility of Agricultural Chemicals	G	98,500
HILL COUNTY		
Lower Beaver Creek Dam	G	35,000
Rehabilitation Study		
TREASURE COUNTY CONSERVATION DISTRICT		
Conservation Practice Loan Program	G	100,000
PRIVATE COMPANY		
Edgar Canal Erosion Control	G	10,000
MONTANA STATE UNIVERSITY		
Plastic Irrigation Canal Lining	G	37,500
FLATHEAD CONSERVATION DISTRICT		
Rehabilitation of East Spring Creek	G	75,000
MINERAL COUNTY		
St. Regis Park Irrigation	G	35,000
CARBON COUNTY		
Roberts Water System Improvements	G	47,500
	<u>L</u>	<u>142,500</u>
GREENFIELDS IRRIGATION DISTRICT		
Willow Creek Measuring Device	G	2,074
PRIVATE CORPORATION		
Nilan Canal Lining	G	25,000
EASTERN SANDERS CONSERVATION DISTRICT		
Little Bitterroot Recharge Enhancement	G	86,300
PRIVATE NONPROFIT CORPORATION		
Technical Assistance Advisor	G	60,000
TOWN OF CASCADE		
Water Distribution and Supply Improvements	G	50,000
	<u>L</u>	<u>150,000</u>
CITY OF SHELBY		
Shelby Water Rehabilitation	G	25,000
	<u>L</u>	<u>75,000</u>
SUN PRAIRIE VILLAGE WATER AND SEWER ASSOCIATION		
Wastewater Lagoon Dike Repair	L	162,000
LAKESIDE WATER DISTRICT		
Lakeside Water Well and Main Extension	L	133,300
WIBAUX		
WATER STORAGE AND DISTRIBUTION IMPROVEMENTS	L	95,000
SAGE CREEK COUNTY WATER DISTRICT		
SAGE CREEK WATER DISTRICT EXPANSION	L	158,600
YELLOWSTONE COUNTY		
HILLCREST WATER SYSTEM	L	99,934
MONTANA STATE UNIVERSITY		
RED BLUFF RANCH IRRIGATION	L	129,387

Renewable Resource Development Program

I. Agricultural Land Improvement Category		
HILL COUNTY CONSERVATION DISTRICT		
Grass Drill Purchase	G	\$ 8,000
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION		
Conservation Districts Division		
Electronic Survey Equipment Purchase	G	9,300
II. Timber Improvement Category		
ANACONDA-DEER LODGE COUNTY		
Soil Stabilization and Erosion Control	G	63,650
MADISON CONSERVATION DISTRICT		

CAPITAL IMPROVEMENT PROJECTS

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Mobile Saw for Forest Land Management	G	23,850
III. Water Reservation Development Category		
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION		
Conservation Districts Division		
Water Reservations Development Program	G	50,000
MILL CREEK WATER AND SEWER DISTRICT		
Water Distribution and Supply Improvements	L	999,223
HARLEM		
Water System Improvements	L	403,125
LIMA		
Water System Improvements	L	250,000
HELENA		
Ten-Mile Water Improvements	L	10,202,600
BROWNING		
Water Treatment and Transmission Facilities	L	1,294,900
DEPARTMENT OF FISH, WILDLIFE AND PARKS		
Gartside Dam	L	257,000
WEST YELLOWSTONE		
Water System Improvements	L	1,500,000
MIDDLE CREEK DAM REHABILITATION	L	5,100,000
There is reappropriated \$27,354 of available bond proceeds for the Martinsdale dam and reservoir project.		
BROADWATER DAM	L	26,000,000
DUTTON		
Water Supply Construction	L	150,000
BOZEMAN		
Lyman Creek Water Improvements	L	726,079
EAST HELENA		
Water System Improvement	L	434,434
EVERGREEN WATER AND SEWER DISTRICT		
Wastewater Facilities	L	3,226,900
DENTON		
Water Supply System	L	185,000
EAST GLACIER		
Water System	L	484,270
GLASGOW		
Water System	L	3,200,000
PONDERA CONSERVATION DISTRICT		
Irrigation System Rehabilitation	L	750,000
HILL COUNTY WATER DISTRICT		
Rural Water Supply	L	1,410,000
CITY OF BELGRADE		
Water Well Improvements	L	115,000
Interest rate 7% for 5 years, 10.26% for the remaining 15 years of the bond term		
PONDERA CONSERVATION DISTRICT	L	555,000
6% for the term of 20 years		

Cultural & Aesthetic Grant Program

The Cultural and Aesthetic Grant Program began in the 1978-79 Biennium. Funding for the program comes from coal tax interest earnings generated by the Parks Acquisition Trust Fund. Section 15-35-108, MCA specifies that one third of the earnings from this non-expendable trust is for cultural and aesthetic purposes.

The program, initially administered by the Montana Historical Society, began with a single project aimed at restoration of mural paintings in the Capitol building. In the FY84-85 biennium, administration of the program transferred to the Montana Arts Council.

In the FY84-85 biennium the legislature funded 39 projects. Because of rapid program growth, the Montana Arts Council developed a formal application process. This process includes extensive review work by an advisory panel. The panel's recommendations are submitted to the legislature for consideration. Utilizing the panel's recommendations, the legislature appropriates the available funds for various projects.

The following table lists the total appropriations, amounts expended and the number of projects for the FY79 through FY89 bienniums.

CAPITAL IMPROVEMENT PROJECTS

Cultural & Aesthetic Projects

<u>Biennium</u>	<u>Appropriated</u>	<u>Expended</u>	<u>Projects</u>
78-79	\$ 50,000	\$ 50,000	1
80-81	\$ 140,000	\$ 140,000	3
82-83	\$ 641,680	\$ 601,477	15
84-85	\$ 823,479	\$ 811,116	39
86-87	\$1,476,511	\$1,442,870	63
88-89	\$1,211,817		52

Since its inception, the program has been authorized to spend over \$4.3 million in trust fund earnings.

During the June Special Session, funds flowing into the trust fund were diverted to the general fund for fiscal years 87, 88 and 89 to help with the budget shortfall. The corpus of the trust is approximately \$16 million at the present time. Interest earnings have dropped because of the decline in interest

rates. Under current law, deposits will be made to trusts beginning July 1, 1989, and interest will grow during the 1991 biennium.

House Bill 6 of the 50th Legislature appropriates \$1.2 million for the FY88-89 biennium for cultural and aesthetic projects. The following table lists these projects.

CAPITAL IMPROVEMENT PROJECTS

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Authorized Cultural and Aesthetics Projects

PROJECT	AMOUNT
Aleph Movement Theatre, Helena	\$ 7,500
Archie Bray Foundation, Helena	19,200
Big Fork Art and Cultural Center	6,000
Billings Preservation Society, Moss Mansion	
Museum Restoration	25,000
Billings Symphony Society	15,000
Butte-Silver Bow Arts Chateau	7,752
Copper Village Museum, Endowment, Anaconda	10,000
Custer County Art Center, Operation Support	20,000
Custer County Art Center, Conservation,	
Permanent Collection	6,165
Daly Mansion Preservation Trust, Hamilton	30,000
Daniels County Museum Association	7,000
Dull Knife Memorial College, Lame Deer	5,000
Fort Peck Tribal Museum	10,000
Alberta Bear Theatre Corporation, Billings	40,000
Gallatin County Historical Society, Endowment	15,000
Garnet Preservation Association, Missoula	15,000
Great Falls Symphony, Cascade Quartet	7,500
Great Falls Symphony, Endowment	25,000
Helena Civic Center	7,500
Helena Film Society	50,000
Hockaday Center for the Arts, Kalispell	20,000
Livingston Depot Foundation	20,000
MSU - Media & Television Arts Department	25,000
MSU - Museum of the Rockies	10,000
MSU - Shakespeare in the Parks, Operational Support	40,000
MSU - Shakespeare in the Parks, Endowment	15,000
MSU - Vigilante Players	20,000
Miles Community College	12,000
Milwaukee Rode Cultural Project, Helena	10,000
Missoula Children's Theatre, Operation Support	16,000
Missoula Children's Theatre, Endowment	20,000
Missoula Mendelssohn Club	4,000
Missoula Museum of the Arts	25,000
Missoula Symphony Association, Endowment	40,000
Montana Art Gallery Directors Association, Billings	22,500
Montana Arts Council, Folklife Project, Helena	60,000
Montana Association of Symphony Orchestras, Billings	5,000
Montana Ballet Company, Bozeman	10,000
Montana Chorale, Endowment, Great Falls	10,000
Montana Chorale, Operational Support, Great Falls	6,000
Montana Dance Arts Association, Billings	6,000
Montana Historical Society, Oral History Office	95,000
Montana Institute of the Arts Foundation,	
Operational Support	10,300
Montana Performing Arts Consortium, Billings	30,000
Montana United Scholarship Service, Great Falls	30,000
Northern Lights Institute, Missoula	20,000
Northern Montana College	12,000
P.S., A Partnership, Bozeman	14,000
Salish Kootenai College, Polson	15,000
St. Mary's Mission	10,000
String Orchestra of the Rockies,	
Operational Support, Missoula	10,000
Twin Bridges Public School	3,000
UM - Montana Repertory Theatre	50,000
UM - School of Fine Arts, Endowment	60,000
Yellowstone Art Center, Montana's Own, Billings	20,000
Yellowstone Chamber Players, Billings	8,000
Young Audiences of Western Montana, Missoula	15,000
Operating Expenses - Montana Arts Council	84,400
TOTAL	\$1,211,817

Long Range Building Program (LRBP)

The Long Range Building Program was initiated in 1965 to provide funding for construction and maintenance of state buildings and grounds. The program was developed in order to present a single, comprehensive and prioritized plan for allocating the state's resources for the purpose of capital construction and maintenance of state owned facilities.

Sections 17-7-202 and 18-2-105, MCA, establish and delineate the Long Range Building Program. House Bill 5 of the 50th Legislature appropriates funding to carry out the program in the 1989 Biennium.

Historically, the program has been funded by cash accounts and bonding. In the coming biennium, no bonding is provided for in House Bill 5. Generally, major maintenance of existing facilities, life safety improvements and handicapped access are the main priorities of the FY88 & FY89 program.

FUNDING

Cash Program

Revenue to fund the "cash" portion of the building program comes from several sources. 20.25% of cigarette taxes authorized in section 16-11-111, MCA, are credited to the LRBP Capital Project Fund or "cash" account. In addition, A & E supervisory fees, interest earnings and account balance are also credited to the "cash" account. This account is also utilized to fund the operating budget of the Architecture and Engineering Division.

Current Capital Project Account Status

Estimated beginning cash balance \$2,395,349

Revenue

Cigarette Tax	\$4,293,000
Interest Earnings	668,065
Supervisory Fees	120,000
Deferred Payments	20,000
Total Revenue	<u>5,101,065</u>
Total Available	<u>\$7,496,414</u>

Expenditures

A & E Budget	\$1,122,773
Capital Projects - HB5	6,246,547
Total Appropriations	<u>\$7,369,320</u>

Projected Capital Project

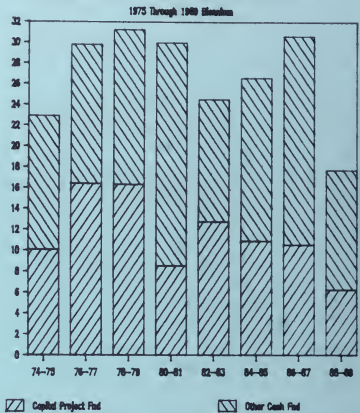
Fund Balance \$ 127,094

Other "cash" funding sources include Fish, Wildlife, and Parks license fees, highway special revenue, federal construction funds and university auxiliary funds.

During the coming biennium, HB5 appropriates \$1,440,240 of these "other" funds.

The following graph shows the level of cash building appropriations made since the FY74-75 biennium:

LONG RANGE BUILDING CASH PROGRAM



Bonded Program

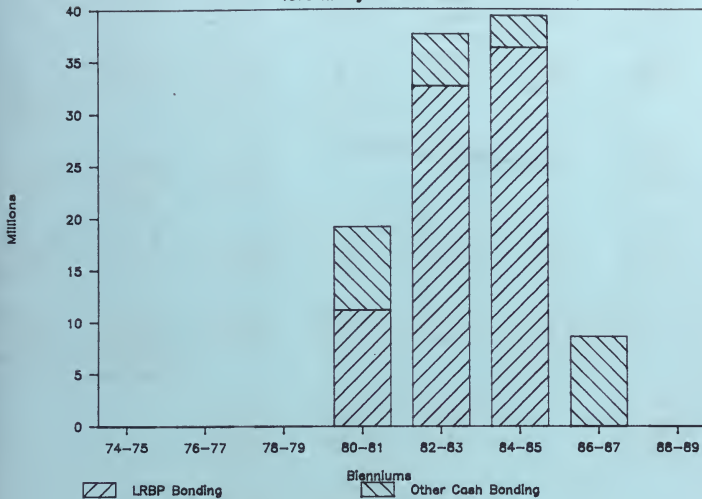
The bonded portion of the building program has three primary sources of revenue utilized to guarantee debt service payments. 79.75% of cigarette taxes and 100% of other tobacco taxes are dedicated for bond debt payments. In addition, 11% of personal income tax revenue and 11% of corporation license tax revenue (section 17-5-408, MCA) is dedicated to the debt service account. If these revenues exceed the amount required for debt service, the remaining balance is transferred to the state general fund.

In the coming biennium, this revenue source will be used only for the retirement of debt established prior to the 50th Legislature. No new debt was authorized during the past session.

The following graph shows the level of authorized capital bonding since the FY74-75 biennium:

LONG RANGE BUILDING BONDING PROGRAM

1975 Through 1989 Biennium

HISTORY

The following tables provide a brief history of LRPB activity since the 1975 biennium.

LONG RANGE BUILDING PROGRAM HISTORY
1975 BIENNIUM THROUGH 1989 BIENNIUM
(Millions)

Biennium	Capital Project Fund	Other Cash Projects	LRPB Bonds	Other Bonds	Total Projects
74-75	\$10.06	\$12.81	\$0.00	\$0.00	\$22.87
76-77	\$16.39	\$13.39	\$0.00	\$0.00	\$29.78
78-79	\$16.32	\$14.90	\$0.00	\$0.00	\$31.22
80-81	\$8.52	\$21.44	\$11.13	\$8.00	\$49.09
82-83	\$12.73	\$11.75	\$32.58	\$5.00	\$62.06
84-85	\$10.87	\$15.69	\$36.26	\$3.08	\$65.90
86-87	\$10.52	\$20.12	\$0.00	\$8.55	\$39.19
88-89	\$6.25	\$11.44	\$0.00	\$0.00	\$17.69
TOTAL	\$91.66	\$121.54	\$79.97	\$24.63	\$317.80

CAPITAL IMPROVEMENT PROJECTS

MAJOR PROJECTS
1975 Through 1989 Biennium

74-75 Biennium	76-77 Biennium	78-79 Biennium	80-81 Biennium	82-83 Biennium	84-85 Biennium	86-87 Biennium	88-89 Biennium
New Prison Deer Lodge	Highway Complex Helena	UM Science Bldg. Missoula	Highway Shop Helena	Worker's Comp. Building Helena	Prison Expansion Deer Lodge	Forensics Bldg. Mt State Hosp. Warm Springs	FW&P Regional Headquarters Billings & Kalispell
Vo-Tech Great Falls	Liquor Warehouse Helena	UM Library Missoula	NMC Library Havre	Vo-Tech Butte	DNRC Building Helena	Support Facility and Range Ft. Harrison	MDC Cottage Renovation Boulder
Mitchell Bldg. Addition Helena	Vo-Tech Missoula	Vo-Tech Billings	Justice/Library Building Helena	MSU Animal Lab Bozeman	Mt. Tech Engineering Bldg. Butte	Fish Hatchery Miles City	MSU Electrical Dist. System Bozeman
	Mt. Tech Library Butte	Close Security Units 1 & 2 Deer Lodge	MSU Student Union Bozeman	MSU Visual Communica- tions Bldg. Bozeman	MSU Greenhouse Bozeman	FW&P Regional Headquarters Great Falls & Bozeman	MSU Energy Mngmt. System Bozeman
	Nursing Home Glendive		MSU PE Complex Bozeman	UM Fine Arts Building Missoula	Historical Society Addition Helena		
			EMC PE Complex Billings	MDDB Cottages and Gym Great Falls	Museum of the Rockies - MSU Bozeman		
				Youth Treatment Facility Billings			
				Capitol Remodel Helena*			

* The State Capitol renovation project was only partially completed. In June of 1986, the \$5.1 million remaining for the project was transferred to the state general fund.

Current Building Program

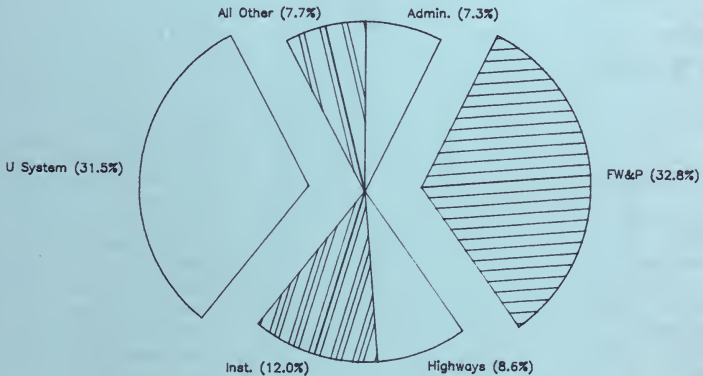
The 50th Legislature provided a cash building program in HB 5 that totals \$17,686,787. Of this amount, \$6,246,547 comes from the LRBP capital project fund and \$11,440,240 comes from other funding sources. No bonding is authorized in the legislation.

Major projects include: FWP Regional Headquarters in Kalispell and Billings. Cottage renovation at the Montana Developmental Center. MSU electrical distribution system and the energy management control system at MSU.

The following graph and chart shows the distribution of appropriations made to various agencies by the 50th Legislature.

LONG RANGE BUILDING PROGRAM FY 88-89

Distribution by Agency



LONG RANGE BUILDING PROGRAM
DISTRIBUTION BY AGENCY
FY88-89

AGENCY	AMOUNT
Admin.	\$ 1,289,200
FW&P	\$ 5,803,200
Highways	\$ 1,522,000
Inst.	\$ 2,127,447
U System	\$ 5,578,400
All Other	\$ 1,366,540
State Total	\$17,686,787

The following is a list of the projects approved in HB 5 during the 50th Legislature. The list shows the various funding sources for the approved projects.

HB5 PROJECTS AND FUNDING SOURCES

<u>Agency/Project</u>	<u>Cap.Proj.Fund</u>	<u>Other Funds</u>
Dept. of Admin.		
Asbestos Abatement	\$ 500,000	
Capitol Complex		
Roofs	\$ 103,500	
Handicapped Mods	\$ 235,700	
Fire Protection	\$ 50,000	
Energy Retrofit		\$ 200,000 Federal
Prison Loss Recovery		\$ 200,000 A&E State Special
Dept. of Education		
MSDB Handicapped Access	\$ 32,800	
Dept. of Fish, Wildlife and Parks		
Boat Facilities		\$ 50,000 FW&P License
		\$ 140,000 Federal
Wildlife Mgmt. & Parks Property		\$ 379,000 Real Estate Trust Earnings
Fishing Access Sites		\$ 150,000 FW&P License
		\$ 150,000 Federal
Creston Hatchery		\$ 225,000 FW&P License
Miles City Hatchery		\$ 81,750 FW&P License
		\$ 245,250 Federal
Reg. Hdqtrs. Improv.		\$ 41,000 FW&P License
Helena Office		\$ 65,000 FW&P License
New Kalispell Office		\$ 1,400,000 FW&P License
New Billings Office		\$ 1,200,000 FW&P License
Warehouse Improvements		\$ 80,000 FW&P License
Waterfowl Habitat		\$ 425,000 Wildlife Rev.
Big Horn Sheep Habitat		\$ 179,000 Wildlife Rev.
Centennial Projects		\$ 50,000 Fed. & Private
Ashley Creek Headgate		\$ 31,500 FW&P License
Dept. of Highways		
Statewide Repairs		\$ 750,000 Hwy Revenue
Columbia Falls Hdqts		\$ 99,700 Hwy Revenue
Great Falls Lab		\$ 34,000 Hwy Revenue
Glendive & Miles City Steam Cleaning Bldgs.		\$ 80,000 Hwy Revenue
Wolf Point Combination Shop, Phase I		\$ 103,000 Hwy Revenue
Kalispell Shop Add on		\$ 71,000 Hwy Revenue
Statewide Sandhouses		\$ 156,000 Hwy Revenue
Statewide Storage		\$ 228,300 Hwy Revenue
Dept. of Institutions		
Life Safety - MDC	\$ 126,000	
Life Safety - ETC	\$ 95,245	
Sewage Lagoon - MDC	\$ 20,000	
Smoke Detectors - MSH	\$ 10,300	
Roof Replacement - Misc.	\$ 309,500	

CAPITAL IMPROVEMENT PROJECTS

<u>Agency/Project</u>	<u>Cap.Proj.Fund</u>	<u>Other Funds</u>
Handicapped Access - MSH	\$ 124,622	
Handicapped Access & Fence Installation - Aged	\$ 21,000	
Drain System & Physical Plant - ETC	\$ 34,900	
Water Tower Repair	\$ 50,000	
Remodel Cottages - MDC	\$1,038,000	
Repair Proj. - MSH	\$ 60,880	
Storage & Toilets Prison	\$ 62,000	
Dining Hall - MSH	\$ 100,000	
Legal Fees - Prison	\$ 75,000	
Dept. of Justice		
Deer Lodge - Upgrade Registrar's Bureau	\$ 75,000	
Dept. of Labor & Industry		
Great Falls Job Ser. Repair Cracking		\$ 30,000 Federal
Job Service - Statewide Remodel & Weatherize		\$ 135,540 Federal
Helena Job Service Addition		\$ 250,000 DOL Bond Proceeds \$ 67,000 Federal Reed Act \$ 103,000 Federal
Dept. of State Lands		
Stillwater Repairs	\$ 28,200	
Dept. of Military Affrs.		
Chinook Armory - Roof	\$ 45,000	
Fed. Spending Authority		\$ 300,000 Federal
Armory Storage - Statewide		\$ 300,000 Federal
Montana University System		
Health Safety - Tech	\$ 124,000	
Fire Alarms MSU & WMC	\$ 73,000	
Eliminate PCB - EMC	\$ 20,000	
Roofs - Statewide	\$ 990,000	
Handicapped Access EMC & WMC	\$ 156,100	
Elect. Distrib. MSU	\$1,229,300	\$ 623,900 Auxiliary
Exhaust System - NMC	\$ 50,000	
Repair Projects - WMC	\$ 78,100	
Major Maint. AES	\$ 160,000	
Water&Steam Mains UM	\$ 168,400	\$ 15,600 Auxiliary
Energy Mngmt. MSU		\$ 1,890,000 Plant, Aux., and/or Loan.

All of the projects listed above are appropriated to the Department of Administration. The following projects are

appropriated directly to the Department of Fish, Wildlife and Parks.

Agency/Project	Cap.Proj.Fund	Other Funds
Dept. of Fish, Wildlife & Parks		
Fishing Access Site Acquisitions		\$ 409,000 Fishing Licenses \$ 50,000 Private
Land Transfer, Bozeman		\$ 108,700

OIL OVERCHARGE

Oil overcharge monies are allocated to states by the federal Department of Energy (DOE) or the federal court system as a result of litigation against oil companies overcharging for oil products. The funds are awarded as restitution. States must use the funds to assist those who were harmed as defined by DOE criteria.

Oil overcharge monies may not be used to replace state funds and may only be used in authorized program areas. Under DOE regulation, oil overcharge monies are to be allocated by the Governor. He must make signed assurances to the court and DOE that the funds will be expended according to the established criteria. A plan must be submitted for approval to DOE prior to expenditure of funds.

Oil Overcharge Funds Available

	Award amount	Interest as of June 30, 1987	Total
Exxon	\$ 9,584,666	\$ 971,773	\$10,556,439
Stripper	3,440,875	223,167	3,664,042
Diamond Shamrock	220,444	14,472	234,916
Amoco	124,000	0	124,000
Total	<u>\$13,369,985</u>	<u>\$1,209,412</u>	<u>\$14,579,397</u>

Limits on usage of funds:

Exxon monies may be spent only on the following five approved programs administered by either the Department of Natural Resources and Conservation (DNRC) or the Department of Social and Rehabilitation Services (SRS) agencies as indicated below:

- 1 State Energy Conservation Program - DNRC
- 2 Institutional Conservation Program - DNRC
- 3 Energy Extension Service - DNRC
- 4 Low Income Energy Assistance Program (LIEAP) - SRS
- 5 Weatherization Assistance Program - SRS

Stripper, Diamond Shamrock, and Amoco monies may be spent on the same programs as Exxon or on any of the following programs:

- 1 Highway and bridge maintenance and repair
- 2 Ridesharing programs (vanpooling, carpooling)
- 3 Public transportation projects
- 4 Residential or commercial building energy audits
- 5 Grant or loan programs for weatherization or other energy conservation equipment installation
- 6 Energy assistance programs
- 7 Airport maintenance or improvement
- 8 Reduction in airport user fees

- 9 Energy conservation or energy research offices and administration

Single Program Plan:

The Department of Energy requires that states present a single program plan for any monies allocated to the five programs eligible for Exxon expenditures. Any monies proposed for those programs must be allocated to DNRC or SRS to meet DOE criteria. Allocations to the additional programs eligible under "Stripper" may be made separately.

Allocation of Funds:

HB 621 appropriated oil overcharge funds. The legislative allocation followed the Governor's recommendation with a few modifications. Projects were approved as follows:

Exxon:

- 1 An amount of \$1,666,000 was appropriated to SRS for weatherization. This is the appropriation made by the June Special Session for weatherization in FY87. The program is operated by Human Resource Development Councils throughout the state.
- 2 An appropriation of \$3,200,000 was made to SRS for weatherization in the 1988-89 biennium. The legislature added a requirement that SRS "encourage Human Resource Development Councils and other public or nonprofit entities that receive weatherization funds to hire individuals who are eligible for general relief..."
- 3 For creation of an "energy conservation and assistance account", \$1,650,000 was appropriated to SRS. Any remaining balance from the FY87 weatherization appropriation and \$850,000 of stripper monies were also appropriated to this account. The interest earnings may be used by the department for either the weatherization program or for the Low Income Energy Assistance Program (LIEAP). The department may also use the principal of the account to make up for lost federal funds in either program, but may not use the principal to increase expenditures of either program above their federal FY87 level.
- 4 DNRC received \$2,100,000 for administrative appropriation to the Department of Commerce for a grant to a local government for construction of a truck/train transloading facility. The legislature made this appropriation effective on passage and approval so that construction could begin this year. The department was directed to advertise for proposals and award the grant primarily on the basis of simple payback in energy savings. The department is also to consider impact on freight rates, job creation, geographic proximity to raw materials and access to new markets for Montana producers and shippers.

- 5 DNRC also received \$500,000 for energy conservation in agriculture. The department is to make grants under the state energy conservation program that are also consistent with sound water and soil conservation practices.
- 6 An amount of \$235,000 was appropriated to DNRC for a grant to the Montana Local Government Energy Office for technical assistance to local governments and school districts.
- 7 An amount of \$305,439 was appropriated to DNRC for the State Energy Conservation Program. An additional \$338,000 was appropriated from Stripper funds for this program.
- 8 DNRC received an appropriation of \$900,000 for use in the institutional conservation program for schools and hospitals. These funds are in addition to the existing federal grant for schools and hospitals which is expected to be an additional \$800,000.

Stripper, Diamond Shamrock, and Amoco:

- 1 An amount of \$200,000 was appropriated to SRS for Energy Share Inc. These funds will be used by Energy Share Inc. to pay the fuel bills of low income individuals not eligible for LIEAP. Payments are limited to those whose income is less than 150% of the federal poverty threshold.
- 2 DNRC was appropriated \$1,985,000 for energy conservation in state owned buildings. This appropriation adds to an existing program in the department which allows for loans for energy retrofit. DNRC receives repayment from the receiving agency from funds saved from the reduced utility bills, or the legislature has the option to reduce the receiving agencies budget by the amount of the savings.
- 3 An appropriation of \$211,000 was made to the Department of Highways to install low pressure sodium vapor lights east of the continental divide. The department has already installed these energy saving lights west of the divide through a Bonneville Power Administration program.
- 4 An amount of \$139,042 was appropriated to DNRC for use by the Department of Agriculture for the collection and distribution of biological agents to control leafy spurge and spotted knapweed. The project will reduce energy consumption by reducing the need for repeated chemical application.
- 5 The Department of Commerce received \$65,000 for repair of the roof at the West Yellowstone Airport.
- 6 An appropriation for administrative costs of the oil overcharge programs of \$234,916 was made to DNRC.

Proration of Funds:

Because the appropriations anticipate interest earnings through June 30, 1987 funds are to be prorated if the interest earnings do not reach the appropriated amounts.

Future of Oil Overcharge Payments:

States will continue to receive oil overcharge funds as settlements are made or court decisions rendered. The Exxon settlement was the largest payment that will be received, future payments will be much smaller. Total additional payments to the State of Montana should be two to three million dollars and may be received over the course of the next two to three or more years.

Any future payments will be made under the Stripper provisions and the broader project eligibility will apply.

Parks Coal Tax

In 1975, the 44th Legislature initiated the state coal severance tax and allocated a portion to a parks trust fund. Interest earned on this trust fund is dedicated to the acquisition, operations and maintenance of the state park system. This trust fund is the same one that supplies interest earnings to the cultural and aesthetics program. Two thirds of the interest earnings are dedicated to the parks program while the remaining one third is allocated to cultural and aesthetics.

Since 1975, the portion of the coal severance tax earnings earmarked for parks is approximately \$3.6 million. It has provided for acquisition of 24 parcels consisting of more than 6,500 acres. Two additional site acquisitions are still pending negotiations.

The original law allocating the coal tax earnings provided that the funds could only be used for acquisition, or maintenance and operations of sites purchased with coal tax money. In 1985, the regular legislative session changed the law to allow use of coal tax revenues for operation and maintenance of all state parks.

The June 1986 Special Legislative Session made another significant change in the parks program. With the financial condition of the state general fund, the legislature eliminated \$433,000 of general fund money in FY87 and replaced it with park trust fund earnings. This action reduced the amount of funds for both operations and acquisition. Except for the purchase of Lake Elmo phase II (\$372,000 coal tax and \$277,500 federal land and water conservation) no funds were available for acquisition in FY87.

For the 1989 biennium, the executive proposed and the legislature approved continuing the funding similar to what was approved by the June 1986 Special Session. All of the coal tax funding will be spent for operations and maintenance of existing parks. No general fund is authorized in the coming biennium and no acquisition of new sites will occur.

TRUST FUNDS AND BALANCES

Since FY73 there has been significant growth in the number of trust funds and the amount of funds deposited to them. While the past legislature diverted some of the money

placed in these trust funds, substantial trust fund savings remain.

The following table presents the history of six of the major trust funds since FY73. Amounts listed for FY87, FY88 and FY89 are estimated.

History of Six Major State Trust Funds
Fiscal Year End Trust Fund Balance

Fiscal Year	Permanent Coal Tax Trust Fund Balance	In State Investment Trust Fund Balance	Common School Trust Fund Balance**	Education Trust Fund Balance	Resource Indemnity Trust Fund Balance	Parks Acquisition Trust Fund Balance
FY73	\$0	\$0	\$64,223,773	\$0	\$0	\$0
FY74	\$0	\$0	\$108,998,870	\$0	\$1,141,385	\$0
FY75	\$0	\$0	\$113,064,188	\$0	\$3,287,456	\$0
FY76	\$0	\$0	\$117,849,628	\$2,227,793	\$5,552,291	\$278,725
FY77	\$0	\$0	\$123,281,528	\$6,039,530	\$8,232,247	\$758,308
FY78	\$6,268,262	\$0	\$129,949,247	\$8,983,763	\$10,646,851	\$1,174,356
FY79	\$16,940,538	\$0	\$137,716,735	\$12,339,549	\$12,574,209	\$1,475,732
FY80	\$39,964,765	\$0	\$147,527,943	\$23,905,146	\$16,204,531	\$3,565,371
FY81	\$75,187,459	\$0	\$163,163,556	\$33,624,170	\$21,165,464	\$5,325,746
FY82	\$118,336,314	\$0	\$176,467,865	\$44,338,477	\$28,328,946	\$7,480,418
FY83	\$158,358,806	\$0	\$189,390,417	\$52,665,410	\$36,181,889	\$9,481,542
FY84	\$192,761,293	\$10,173,172	\$201,319,109	\$60,925,268	\$42,986,128	\$11,565,460
FY85	\$230,599,696	\$21,820,828	\$214,764,544	\$70,500,922	\$47,396,179	\$13,859,181
FY86	\$268,234,509	\$31,920,751	\$217,677,906	\$79,761,708	\$53,039,675	\$16,222,131
FY87 (E)	\$296,494,509	\$41,340,751	\$228,677,906	\$44,619,653	\$56,844,675	\$16,644,131
FY88 (E)	\$321,610,509	\$49,712,751	\$239,677,906	\$21,892,308	\$60,924,675	\$16,644,131
FY89 (E)	\$343,250,509	\$56,926,751	\$250,677,906	\$9,164,963	\$65,149,675	\$16,644,131

** Includes land value assets.

Note: The trust fund balances as projected above do not include the revenue gains or losses from bond swaps.

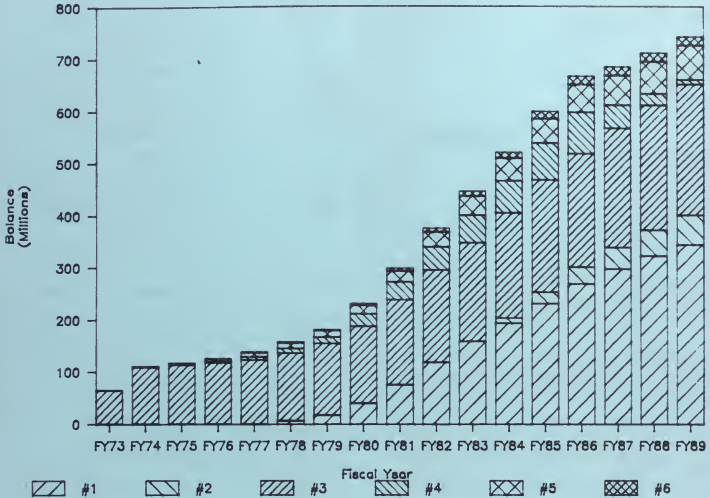
TRUST FUNDS AND BALANCES

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The following graph shows activity for the six trust funds since FY73. Only one of the funds existed in the first fiscal year.

Six Major Trust Funds

History of Trust Fund Balances



- #1 Permanent Coal Tax Trust Fund
- #2 In State Investment Trust Fund
- #3 Common School Trust Fund
- #4 Education Trust Fund
- #5 Resource Indemnity Trust Fund
- #6 Parks Acquisition Trust Fund

Personal Services and Benefits:

Total budgeted personal services costs for the biennium include salaries and benefits totaling \$749,687,854. Personal service costs are calculated on a position by position basis for those positions on the state PPP system. University sys-

tem and vo-tech positions are calculated on an "average salary basis" because information is not available for the actual salaries and benefits of individual incumbents. The following table shows the budgeted personal service costs for the 89 biennium.

Personal Service and Benefit Costs**Positions on central payroll:**

	FY88	FY89
Salaries	\$225,663,834	\$226,214,796
Per Diem	439,907	406,047
Retirement, WCC, UI	39,387,519 (17.45%)	40,637,801 (17.84%)
Workers' Comp Tax*	676,992 (0.30%)	678,644 (0.30%)
Health Insurance	13,503,923 (6.43%)	14,559,855 (6.44%)
Vacancy Savings	(10,556,277) (3.91%)	(10,598,515) (3.90%)
Total	\$270,115,898	\$271,628,628

University and Vo-tech positions:

	FY88	FY89
Salaries	\$ 86,510,175	\$ 86,436,619
Benefits & Insurance	17,482,566 (16.81%)	17,513,968 (16.85%)
Worker's Comp Tax*	259,531 (0.30%)	259,310 (0.30%)
Vacancy Savings	(259,531)	(259,310)
Total	\$103,992,641	\$103,950,587
Total	\$374,108,639	\$375,579,215

- * The legislature enacted a 0.30% Worker's Compensation Tax, but did not provide funding to pay for it. The effect is to increase the vacancy savings by an equal amount.

Benefit rates paid by the employer total 24.18% in FY88 and 24.58% in FY89 for positions on central payroll. For University System and VoTech position budgeted rates total 17.81% and 17.85%.

Benefit rates increase from FY88 to FY89 because FICA rates increase January 1, 1988 from 7.15% to 7.51%. The average FICA rate for FY88 is 7.339%, for FY89 the rate is 7.51%. Worker's compensation rates are budgeted to increase by 12% in FY89 over the FY88 rates. The employers contribution for retirement systems remains constant for the biennium. For the Public Employees Retirement System (PERS) the rate is 6.417%, for the Teachers Retirement System (TRS) the rate is 7.428%. Health Insurance rates of \$115 per month per employee (\$1380 per year) remain constant for the biennium. The health insurance contribution is applied to all employees who work half time or more.

Rates for Unemployment Insurance and Worker's Compensation vary from agency to agency. Each agency has its own rate based on the last three years of experience. Unemployment rates vary from 2.50% to 8.50% for state agencies. Worker's compensation involves both an experience rating for the agency which varies from 0.70 and 2.60. That experience rate is multiplied times the "class rate" for the job classification of each individual position.

Per Diem Rates:

Per diem rates are established in 2-18-501, MCA. The rates apply to state employees in travel status, members who serve on boards and commissions, and to travel expenses in contracts for service. The following rates apply for the 88-89 biennium.

Per Diem Rates

	In State	Out-of-State
Lodging-with receipt	\$24.00 plus taxes	\$50.00
Lodging-without receipt	7.00	7.00
Breakfast:	3.00	4.00
Lunch:	3.50	6.50
Dinner:	8.00	12.00

Inflation Factors:

The budget was built using a number of inflation factors for the operational budgets of state agencies. Individual subcommittees chose to vary the rates in some instances. In general the following rates were applied to the base budgets.

	Increase from FY86-FY88	Increase from FY86-FY89
Data Processing	-3.5%	-7%
Food and Medical	14%	25%
Communications	12%	19%
Gasoline	(\$0.936) 1%	(\$0.968) 4%
Electricity		
MPC	20%	38%
MDU	9%	11%
Natural Gas		
MPC	2%	5%
MDU	-4%	0%

BUDGET PARAMETERS

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Proprietary Account Rates:

The legislature does not budget proprietary fund rates, but the budget of those programs and other agency budgets are based on rate assumptions. The proprietary agencies may change the rate during the biennium if it is necessary to do

so. (For example, most rates were reduced in FY87 as a result of the budget reductions.) Rates for proprietary accounts are projected as follows:

Projected Proprietary Account Rates		
	FY88	FY89
<u>Rent:</u>		
Captiol Complex	\$2.97 sq.ft.	\$3.08 Sq.ft.
<u>Telecommunications:</u>		
<u>Equipment:</u>		
Single line	\$21.00 per month	\$21.00 per month
SOI	\$26.00 per month	\$26.00 per month
<u>Long Distance:</u>		
Avg. Rate Network	\$0.26 per minute	\$0.26 per minute
<u>Agency Legal Services:</u>		
Attorney	\$47.80/hr	\$47.80/hr
Investigators	\$27.50/hr	\$27.50/hr
<u>Grounds Maintenance:</u>		
	\$0.2120 sq.ft.	\$0.1926 sq.ft.
<u>Mail & Messenger:</u>		
Deadhead		
Administrative Costs (based on avg. of 2 stops per day)	\$31.00 per month	\$31.00 per month
<u>Motor Pool:</u>		
4-6 people	\$21.25 per mile	
2 people	\$24.50 per mile	
Pickups	\$ 0.22 per mile	
4x4	\$ 0.33 per mile	
Vans	\$ 0.33 per mile	



LEGISLATIVE AUDITOR

1

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	60.00	60.00	60.00	60.00
Personal Services	1,627,870.12	1,644,795	1,707,574	1,708,277
Operating Expenses	302,312.56	344,281	377,480	430,234
Equipment	30,592.95	18,550	37,150	28,682
Total Agency Costs	\$1,960,775.63	\$2,007,626	\$2,122,204	\$2,167,193
General Fund	1,094,232.96	1,068,819	1,111,141	1,102,793
State Special Revenue Fund	866,542.67	938,807	1,011,063	1,064,400
Total Funding Costs	\$1,960,775.63	\$2,007,626	\$2,122,204	\$2,167,193
Current Level Services	1,960,775.63	2,007,626	2,122,204	2,167,193
Total Service Costs	\$1,960,775.63	\$2,007,626	\$2,122,204	\$2,167,193

Agency Description

The Office of the Legislative Auditor was established in 1967 and is governed by the Legislative Audit Act, contained in Title 5, Chapter 13, MCA. Article V, Section 10(4) of the Montana Constitution mandates a legislative post-audit function.

The three functional areas of the agency are: Administration, Financial-Compliance Audits, and Performance-Electronic Data Processing (EDP) Audits. An annual statewide financial audit is conducted, as well as, biennial financial-compliance audits of all state agencies. Legislatively requested audits and performance audits are conducted to determine effectiveness, efficiency, and compliance with laws, rules, goals, and objectives. EDP audits are evaluations of data processing systems and controls, and are conducted in conjunction with financial-compliance and performance audits.

The office works under the general supervision of the bipartisan Legislative Audit Committee. The members are evenly divided between the Senate and House of Representatives.

Issues Addressed/Legislative Intent

The agency is supported by two funding sources, general fund and revenues from fees charged to audited state agencies that are placed in a state special revenue account.

Appropriation authority includes the \$271,200 cost of the statewide audit. Half the cost was allocated to state agencies and is reflected in the state special revenue fund. General Fund supports the balance. HB2 includes language to require that a fee be assessed on bonding agencies at 30 cents per \$1,000 of bonds issued, to reimburse the state for the portion of the statewide audit that is funded by general fund.

Vacancy savings for this program was set at 4%.

Annual lottery audit. \$74,256 in FY88 and \$53,456 in FY89 was authorized for this audit, to be funded with proceeds from the lottery, and are line itemed.

LEGISLATIVE FISCAL ANALYST

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	17.50	18.00	17.50	18.00
Personal Services	530,601.30	585,579	609,646	618,161
Operating Expenses	127,190.60	128,973	250,156	167,862
Equipment	81,647.04	6,834	2,750	2,750
Total Agency Costs	\$739,438.94	\$721,386	\$862,552	\$788,773
General Fund	739,438.94	721,386	862,552	788,773
Total Funding Costs	\$739,438.94	\$721,386	\$862,552	\$788,773
Current Level Services	739,438.94	721,386	862,552	788,773
Total Service Costs	\$739,438.94	\$721,386	\$862,552	\$788,773

Agency Description

The Legislative Finance Committee and the Office of the Legislative Fiscal Analyst were created and are governed by Title 5, chapter 12, MCA. The office staff are responsible for estimating revenue, analyzing the Executive Budget, assisting the Legislature in the development of the state appropriation bills and assisting individual legislators in compiling and analyzing financial information. In addition, the staff of the Fiscal Analyst monitor agency operations throughout the biennium and review executive agency actions that have a fiscal impact upon the state.

Issues Addressed/Legislative Intent

Vacancy savings for this program was set at 2%.

Personal services were increased to bring this agency in line with the FY87 pay matrix and other state agencies.

Two biennial appropriations are included in the FY88 budget. \$20,000 for consultants and \$130,000 for the coordination of a study on the adequacy of the method for funding the university system.

The travel budget for the Legislative Finance Committee was reduced by \$5,000 in FY88.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	43.50	58.00	44.70	54.45
Personal Services	1,241,079.38	1,525,281	1,235,190	1,399,267
Operating Expenses	874,117.96	564,496	1,308,082	577,437
Equipment	64,591.79	13,141	8,860	8,500
Transfers	0.00	0	200,000	0
Total Agency Costs	\$2,179,789.13	\$2,102,918	\$2,752,132	\$1,985,204
General Fund	1,859,050.23	2,102,918	1,764,741	1,985,204
State Special Revenue Fund	316,618.02	0	987,391	0
Capital Projects Fund	4,120.88	0	0	0
Total Funding Costs	\$2,179,789.13	\$2,102,918	\$2,752,132	\$1,985,204
Current Level Services	2,179,789.13	2,102,918	2,752,132	1,985,204
Total Service Costs	\$2,179,789.13	\$2,102,918	\$2,752,132	\$1,985,204

Agency Description

The Legislative Council provides a variety of support services to the Legislature under the general supervision of an eightmember bi-partisan committee composed of four members of the House of Representatives and four members of the Senate. Council services include bill drafting, clerical preparation of bills for introduction using automated equipment, and the engrossing and enrolling of bills; printing and distribution of legislative proceedings, session laws, and journals of the House and Senate, and the preparation of

indexes to the same; provision of legislative research and reference services; legal counseling for the legislature; business management services; committee staffing; provision of interim investigation authority; service as the agency of interstate cooperation; preparation and publication of the Montana Code Annotated statute text and annotations; and other services as assigned by the Legislature. The Council was established in 1957. Principal statutory authority is found in Title 5, chapters 5 and 11 and Title 1, chapter 11, MCA.

LEGISLATIVE COUNCIL FEED BILL Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Personal Services	12,956.32	0	0	0
Operating Expenses	149,242.56	0	0	0
Total Program Costs	\$162,198.88	\$0	\$0	\$0
General Fund	162,198.88	0	0	0
Total Funding Costs	\$162,198.88	\$0	\$0	\$0
Current Level Services	162,198.88	0	0	0
Total Service Costs	\$162,198.88	\$0	\$0	\$0

Program Description

The Legislative Council Feed Bill Program provides service support to the Legislature including:

- the printing and distribution of legislative proceedings and other related documents,
- operation of the business office,
- provision of legislative telephones, and
- the operation of the legislative information office.

LEGISLATIVE COUNCIL

INTERIM STUDIES & CONFERENCES

Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	2.00	2.00	2.00	2.00
Personal Services	37,026.09	0	0	0
Operating Expenses	159,006.27	70,017	187,311	44,611
Total Program Costs	\$196,032.36	\$70,017	\$187,311	\$44,611
General Fund	188,036.30	70,017	175,311	44,611
State Special Revenue Fund	3,875.18	0	12,000	0
Capital Projects Fund	4,120.88	0	0	0
Total Funding Costs	\$196,032.36	\$70,017	\$187,311	\$44,611
Current Level Services	196,032.36	70,017	187,311	44,611
Total Service Costs	\$196,032.36	\$70,017	\$187,311	\$44,611

Program Description

The Interim Studies and Conferences Program exists to process and monitor the expenditures of the various legislative interim committees and conferences. The program has a technical component that represents the service provided by the office in support of the policy component which reflect the legislature's purposes for activities supported by the program. Included in the program are:

- limited support of interim studies activities established under 5-5-202 through 5-5-217, MCA
- support of interstate cooperation activities of the legislature
- support of other legislative activities for which appropriations are made

Issues Addressed/Legislative Intent

The budget reflects the recommendation of the Legislative Council. The Council reduced their original request by approximately 50%. Additional cuts were taken by the legislature. All activities are line-itemed with biennial appropriations except for the dues paid to the National Council of State Legislatures and Council of State Governments. Table 1 outlines the approved activities and appropriations.

Table 1
Legislative Council - Interim Studies and Conferences
1989 Biennium

Activity	Appropriation
National Council of State Legislatures (NCSL)	\$46,422
Council of State Governments (CSG)	40,900
Travel for NCSL and CSG	30,000
Interim Studies	20,000
Forestry Task Force	8,000
Revenue Oversight Committee	30,000
Administrative Code Committee	14,000
Five-State Biennial Conference	4,100
Statewide Issues	20,000
Coal Tax Subcommittee	12,000
Montana-Western Canadian Provinces Boundary Advisory Committee	2,000
Total	\$227,422

The Coal-Tax Subcommittee is funded with state special funds coal tax revenues. The balance are all general fund supported.

MONTANA CODE ANNOTATED
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	312,438.27	0	775,391	0
Equipment	304.57	0	0	0
Transfers	0.00	0	200,000	0
Total Program Costs	\$312,742.84	\$0	\$975,391	\$0
State Special Revenue Fund	312,742.84	0	975,391	0
Total Funding Costs	\$312,742.84	\$0	\$975,391	\$0
Current Level Services	312,742.84	0	975,391	0
Total Service Costs	\$312,742.84	\$0	\$975,391	\$0

Program Description

The Montana Codes Annotated program supports the publication and distribution of the Montana Code Annotated Statute Text, Annotations, and ancillary publications issued under 1-11-301 and 1-11-303, MCA.

Issues Addressed/Legislative Intent

This program has a biennial appropriation. A \$200,000 excess balance in the state special revenue account will be transferred to the general fund in FY88.

LEGISLATIVE COUNCIL
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	41.50	56.00	42.70	52.45
Personal Services	1,191,096.97	1,525,281	1,235,190	1,399,267
Operating Expenses	253,430.86	494,479	345,380	532,826
Equipment	64,287.22	13,141	8,860	8,500
Total Program Costs	\$1,508,815.05	\$2,032,901	\$1,589,430	\$1,940,593
General Fund	1,508,815.05	2,032,901	1,589,430	1,940,593
Total Funding Costs	\$1,508,815.05	\$2,032,901	\$1,589,430	\$1,940,593
Current Level Services	1,508,815.05	2,032,901	1,589,430	1,940,593
Total Service Costs	\$1,508,815.05	\$2,032,901	\$1,589,430	\$1,940,593

Program Description

The Legislative Council Program provides for overall policy direction of the agency through the Legislative Council. The program also provides the personnel required to support the programs of the agency including an executive director and such other personnel necessary to assist in the preparation of proposed legislative acts and standing and select committee and subcommittee reports and recommendations and to carry out other council activities.

Issues Addressed/Legislative Intent

The original agency budget request was reduced by \$293,204 in FY88 and \$293,938 in FY89.

Personal services changes include .7 FTE added to FY88 and 3.05 session FTE deleted from FY89. Additional personal services reductions are a result of changing executive directors and resulting staff changes, reduction in secretarial services and changing one secretarial position to an office clerk, and switching session bill drafting staff to contracted services. Operating expense reductions are in the staff, travel, training and data processing cost categories. \$50,000 was added to FY89 contracted services to compensate for the FTE reduction, and to allow the agency to contract with the University of Montana Law School for bill drafting services. The equipment budget was also substantially reduced.

Vacancy savings for this program was set at 4%.

LEGISLATURE-SENATE

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	1.00	.00	.00	.00
Personal Services	260,100.10	0	0	0
Operating Expenses	31,102.11	0	0	0
Equipment	95.61	0	0	0
Total Agency Costs	\$291,297.82	\$0	\$0	\$0
General Fund	291,297.82	0	0	0
Total Funding Costs	\$291,297.82	\$0	\$0	\$0
Current Level Services	291,297.82	0	0	0
Total Service Costs	\$291,297.82	\$0	\$0	\$0

Agency Description

Article V of the Montana Constitution of 1972 vests legislative power in a Legislature comprised of a Senate and a House of Representatives. The size of the Legislature is provided by law: the Senate has no more than fifty and no fewer than forty members. Members are elected from single

member districts for four-year terms. The Legislature is a continuous body that meets at least once each odd-numbered year in regular session of not more than ninety legislative days. It may be convened in special session by the Governor or upon written request of a majority of the members.

Agency Summary Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	1.00	.00	.00	.00
Personal Services	482,856.54	0	0	0
Operating Expenses	45,168.05	0	0	0
Equipment	647.54	0	0	0
Total Agency Costs	\$528,672.13	\$0	\$0	\$0
General Fund	528,672.13	0	0	0
Total Funding Costs	\$528,672.13	\$0	\$0	\$0
Current Level Services	528,672.13	0	0	0
Total Service Costs	\$528,672.13	\$0	\$0	\$0

Agency Description

Article V of the Montana Constitution of 1972 vests legislative power in a Legislature comprised of a Senate and a House of Representatives. The size of the Legislature is provided by law: the House has not more than one hundred and no fewer than eighty members. Members of the House

are elected from single member districts for two-year terms. The Legislature is a continuous body that meets at least once each odd-numbered year in regular session of no more than ninety legislative days. It may be convened in special session by the Governor or upon written request of a majority of the members.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	6.25	6.25	6.50	6.50
Personal Services	163,228.31	170,986	182,243	176,976
Operating Expenses	76,086.28	52,389	159,575	59,633
Equipment	0.00	0	3,000	3,000
Total Agency Costs	\$239,314.59	\$223,375	\$344,818	\$239,609
General Fund	228,391.76	223,375	243,618	239,609
State Special Revenue Fund	10,922.83	0	101,200	0
Total Funding Costs	\$239,314.59	\$223,375	\$344,818	\$239,609
Current Level Services	239,314.59	223,375	344,818	239,609
Total Service Costs	\$239,314.59	\$223,375	\$344,818	\$239,609

Agency Description

The Environmental Quality Council was established by the Extraordinary Session of the 42nd Legislature in 1971 to implement provisions of the Montana Environmental Policy Act (MEPA - Title 75, chapter 1, MCA). The council functions as an arm of the Legislature, with the role of anticipating and analyzing the causes of environmental problems and recommending solutions to those problems. The council also

insures that state environmental policy is consistently observed by all state agencies that are concerned with environmental matters. The Legislature assigns interim studies relating to natural resources and economic development to the council. The council also assists the Legislature by staffing natural resource committees during the legislative sessions. In addition, the Environmental Quality Council is assigned by statute the duties of staffing the permanent Water Policy Committee of the Legislature.

ENVIRONMENTAL QUALITY PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	6.25	6.25	6.25	6.25
Personal Services	163,228.31	170,986	177,443	176,976
Operating Expenses	76,086.28	52,389	63,175	59,633
Equipment	0.00	0	3,000	3,000
Total Program Costs	\$239,314.59	\$223,375	\$243,618	\$239,609
General Fund	228,391.76	223,375	243,618	239,609
State Special Revenue Fund	10,922.83	0	0	0
Total Funding Costs	\$239,314.59	\$223,375	\$243,618	\$239,609
Current Level Services	239,314.59	223,375	243,618	239,609
Total Service Costs	\$239,314.59	\$223,375	\$243,618	\$239,609

Program Description

The Environmental Quality Council program reviews the policies and programs of Montana state agencies that are concerned with environmental matters and natural resource development and conservation. The Council researches and analyzes environmental trends and problems and recom-

mends ways to improve the state's natural, social, and economic environments.

Issues Addressed/Legislative Intent

Vacancy savings for this program was set at 2%.

Personal services increased to bring the agency in line with the FY87 pay matrix and other state agencies.

WATER POLICY COMMITTEE Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.25	.25
Personal Services	0.00	0	4,800	0
Operating Expenses	0.00	0	96,400	0
Total Program Costs	\$0.00	\$0	\$101,200	\$0
State Special Revenue Fund	0.00	0	101,200	0
Total Funding Costs	\$0.00	\$0	\$101,200	\$0
Current Level Services	0.00	0	101,200	0
Total Service Costs	\$0.00	\$0	\$101,200	\$0

Program Description

The Water Policy program was set up to operate the Water Policy Committee, statutorily created by the 49th Legislature. The Water Policy Committee's duties include advising the legislature on the adequacy of the state's water policy and of important state, regional, national and international developments relating to Montana's water resources; overseeing the policies and activities of the Department of Natural Resources and Conservation and other entities as they relate to water management; analyzing and commenting

on the state water plan, the water development program, water research, and water data management system; and reporting to the legislature each biennium.

Issues Addressed/Legislative Intent

This program has a biennial appropriation of \$26,200 equal to the prior biennium. \$75,000 of Water Development State Special Revenue Account funds for a water adjudication study was added. The Resource Indemnity Trust State Special Revenue Account supports the general operations of the committee.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	4.25	4.25	4.25	4.25
Personal Services	168,670.46	192,134	174,278	173,898
Operating Expenses	273,627.20	659,557	669,238	668,238
Equipment	19,018.01	1,000	2,200	2,200
Total Agency Costs	\$461,315.67	\$852,691	\$845,716	\$844,336
State Special Revenue Fund	461,315.67	852,691	845,716	844,336
Total Funding Costs	\$461,315.67	\$852,691	\$845,716	\$844,336
Current Level Services	461,315.67	852,691	845,716	844,336
Total Service Costs	\$461,315.67	\$852,691	\$845,716	\$844,336

Agency Description

The Office of the Consumer Counsel was created by Article XIII, Section 2 of the Montana Constitution of 1972. The office is governed by Title 5, chapter 15, MCA and by Title 69, chapters 1 and 2, MCA. The Consumer Counsel is charged with the "duty of representing consumer interest in hearings before the Public Service Commission or any other successor agency." The Consumer Counsel also may initiate, intervene in, or otherwise participate in appropriate proceedings in the state and federal courts and in administrative agencies on behalf of the public of Montana.

The office is not funded with general fund monies, but rather through a Consumer Counsel Tax on all regulated entities under the Public Service Commission's jurisdiction (gas, electric, telephone, waste and sewer utilities; motor carriers and railroads). Title 69 provides for both a base appropriation and a contingency appropriation for expenses resulting from an unanticipated caseload.

Issues Addressed/Legislative Intent

\$100,000 was line-itemed for expert witness fees for unanticipated caseload each year of the biennium.

Vacancy savings for this program was set at 1%.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	91.24	91.00	91.50	90.50
Personal Services	3,593,339.61	3,589,026	3,710,884	3,685,553
Operating Expenses	806,330.47	954,001	854,900	838,251
Equipment	257,570.38	218,878	227,248	205,638
Total Agency Costs	\$4,657,240.46	\$4,761,905	\$4,793,032	\$4,729,442
General Fund	4,223,720.17	4,193,301	4,264,413	4,241,703
State Special Revenue Fund	424,663.88	568,604	487,656	487,739
Federal & Other Spec Rev Fund	8,856.41	0	40,963	0
Total Funding Costs	\$4,657,240.46	\$4,761,905	\$4,793,032	\$4,729,442
Current Level Services	4,648,384.05	4,761,905	4,793,032	4,729,442
Budget Amended Services	8,856.41	0	0	0
Total Service Costs	\$4,657,240.46	\$4,761,905	\$4,793,032	\$4,729,442

Agency Description

The Judicial branch of state government is provided for in Article III, Section I and Article VII of the 1972 Montana Constitution. In Section II of Article VII, the jurisdiction of

the Supreme Court is defined. That jurisdiction consists of all appellate jurisdiction and original jurisdiction in petitions for writs of habeas corpus and other such writs, general supervisory control over all courts, and rule making powers for Montana's courts.

SUPREME COURT OPERATIONS Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	32.00	32.00	32.00	32.00
Personal Services	1,007,705.92	990,019	1,028,563	1,028,807
Operating Expenses	306,739.72	282,959	293,665	282,960
Equipment	29,118.68	5,163	8,050	0
Total Program Costs	\$1,343,564.32	\$1,278,141	\$1,330,278	\$1,311,767
General Fund	1,343,564.32	1,278,141	1,330,278	1,311,767
Total Funding Costs	\$1,343,564.32	\$1,278,141	\$1,330,278	\$1,311,767
Current Level Services	1,343,564.32	1,278,141	1,330,278	1,311,767
Total Service Costs	\$1,343,564.32	\$1,278,141	\$1,330,278	\$1,311,767

Program Description

The Supreme Court Operations Program supports the operations of the Supreme Court itself and includes staff and the Clerk of the Supreme Court.

Issues Addressed/Legislative Intent

Vacancy savings for this program was set at 4% excepting elected official positions.

Personal services increased to bring the agency in line with the FY87 pay matrix and other state agencies.

Operating expenses decreased from FY86 actual as compared to authorized FY88 and FY89. \$34,000 of one-time expenditures for systems development costs were removed but partially offset by an increase of \$3,700 in FY88 and

\$5,800 in FY89 of National Center for State Courts dues and \$15,466 of audit fees in FY88.

The agency originally requested \$44,664 for printing of Montana Reports - Supreme Court cases. Half of the request was approved which will support the printing of the current cases only. No funds were authorized for the four volume backlog.

Seven Justice Court. SB161 re-instated the two Supreme Court Justices, four law clerks and one secretary through the biennium. These positions were scheduled to sunset on December 31, 1988. The six month budget is \$113,749 of general fund.

Table 1 presents the workload of the court from 1970 through projected 1989. Two justices were added to the five member court beginning in 1981.

Table 1
Montana Supreme Court Caseload
1970 - 1989

Year	Filings	Still Active	Opinions
1989	675	-	
1988	657	-	
1987	639	-	
1986	602	379	374
1985	639	320	322
1984	567	251	373
1983	561	330	285
1982	522	350	313
1981	574	357	298
1980	490	369	292
1979	481	375	323
1978	516	350	269
1977	469	303	255
1976	408	207	210
1975	301	191	210
1974	265	150	153
1973	243	174	195
1972	230	135	147
1971	198	146	149
1970	194	110	130

NOTE: 1)1987, 1988 and 1989 are projections made by the National Center for State Courts, Williamsburg, Virginia, using the period from 1976 to 1986. 2)Two justices were added to the five member court beginning in 1981.

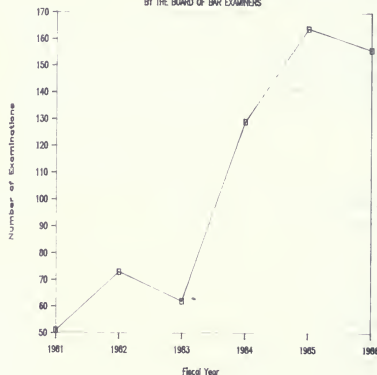
There has been considerable growth in the number of examinations conducted by the Board of Bar Examiners. Beginning in 1983, University of Montana Law School graduates were required to take the Montana Bar Examination. Since 1982, the examination has been given twice each year.

Table 2 presents the annual number of examinations from 1981 through 1986.

Table 2
Number of Examinations Conducted
By the Board of Examiners
1981 - 1987

FY	Number of Examinations
1981	51
1982	73
1983	62
1984	129
1985	164
1986	156

NUMBER OF EXAMINATIONS CONDUCTED
BY THE BOARD OF BAR EXAMINERS



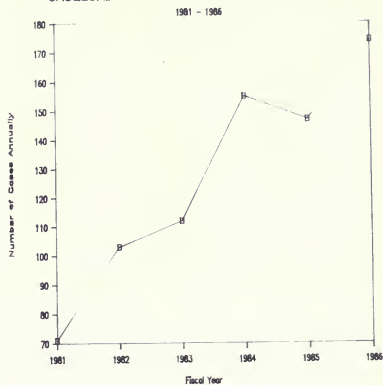
The caseload of the Commission on Practice has been on a continual increase since 1981. Table 3 presents the commission's caseload from 1981 through 1986. There was a slight decline (8 cases) from 1984 to 1985.

Table 3
Caseload of the Commission on Practice
1981 - 1986

FY	Number of Cases
1981	71
1982	103
1983	112
1984	155
1985	147
1986	174

NOTE: 1986 is an estimate based upon the first ten months of the year.

CASELOAD OF THE COMMISSION ON PRACTICE
1981 - 1986



BOARDS AND COMMISSIONS
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	3.00	3.00	3.00	3.00
Personal Services	46,369.70	49,715	68,378	68,240
Operating Expenses	117,254.73	129,458	114,541	113,383
Equipment	756.00	0	0	0
Total Program Costs	\$164,380.43	\$179,173	\$182,919	\$181,623
General Fund	164,380.43	179,173	182,919	181,623
Total Funding Costs	\$164,380.43	\$179,173	\$182,919	\$181,623
Current Level Services	164,380.43	179,173	182,919	181,623
Total Service Costs	\$164,380.43	\$179,173	\$182,919	\$181,623

Program Description

The Boards and Commissions Program staff provide support and supervision of the various boards and commissions appointed or established by the Supreme Court. These boards and commissions perform a variety of services to support jurisprudence within the state, including sentence review, court rule revision, training of court personnel, giving and evaluating bar exams, investigation of complaints against members of the bench and bar, and recommendations for judicial appointments.

Issues Addressed/Legislative Intent

The budget and finance officer position was reduced to a .5 FTE. A .5 FTE clerical position was added to work with the Commission on Practice. Previously this was a contracted service.

Vacancy savings for this program was set at 4%.

Personal services increased to bring the agency in line with the FY87 pay matrix and other state agencies.

Other Appropriation Bill

HB754 appropriated \$1,200 for the Judicial Nomination Commission expenses relating to water court appointments.

LAW LIBRARY Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	6.74	6.50	7.50	6.50
Personal Services	168,317.75	156,465	189,688	162,457
Operating Expenses	141,913.03	171,840	161,459	152,094
Equipment	215,537.98	196,215	219,198	205,638
Total Program Costs	\$525,768.76	\$524,520	\$570,345	\$520,189
General Fund	499,131.48	504,826	511,307	502,114
State Special Revenue Fund	17,780.87	19,694	18,075	18,075
Federal & Other Spec Rev Fund	8,856.41	0	40,963	0
Total Funding Costs	\$525,768.76	\$524,520	\$570,345	\$520,189
Current Level Services	516,912.35	524,520	570,345	520,189
Budget Amended Services	8,856.41	0	0	0
Total Service Costs	\$525,768.76	\$524,520	\$570,345	\$520,189

Program Description

The Law Library program staff are responsible for the operation of the State Law Library. The library is maintained for use by the members of the bar, legislators, state officers and employees, and the general public.

Issues Addressed/Legislative Intent

Vacancy savings for this program was set at 4%.

Personal services increased to bring the agency in line with the FY87 pay matrix and other state agencies.

An equipment allowance of \$3,660 in FY88 was included for a mandated upgrade to the OCLC system, an on-line system used for cataloging and interlibrary loan transactions.

Helena Faxnet Project. The agency received a \$134,600 grant from the Fred Meyer Trust. \$93,637 was included in the 1987 biennium by budget amendment. The balance of \$40,963 is budgeted for FY88 and supports 1.0 FTE and operational expenses associated with the position. The purpose of the grant is to establish and operate a rapid document delivery system in Montana, using telephone telefacsimile equipment to transmit library documents to network users.

DISTRICT COURT OPERATIONS Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	36.00	36.00	36.00	36.00
Personal Services	2,072,789.96	2,060,988	2,097,347	2,099,742
Operating Expenses	143,853.98	170,173	142,562	146,457
Total Program Costs	\$2,216,643.94	\$2,231,161	\$2,239,909	\$2,246,199
General Fund	2,216,643.94	2,231,161	2,239,909	2,246,199
Total Funding Costs	\$2,216,643.94	\$2,231,161	\$2,239,909	\$2,246,199
Current Level Services	2,216,643.94	2,231,161	2,239,909	2,246,199
Total Service Costs	\$2,216,643.94	\$2,231,161	\$2,239,909	\$2,246,199

Program Description

The District Court Operations Program pays the salaries, travel and judicial education expenses for the 36 district court judges as provided by legislative appropriations.

Issues Addressed/Legislative Intent

No vacancy savings factor was applied to this budget.

The approved budget allows this program to maintain its current level of operation.

WATER COURTS SUPERVISION
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	13.50	13.50	13.00	13.00
Personal Services	298,156.28	331,839	326,908	326,307
Operating Expenses	96,569.01	199,571	142,673	143,357
Equipment	12,157.72	17,500	0	0
Total Program Costs	\$406,883.01	\$548,910	\$469,581	\$469,664
State Special Revenue Fund	406,883.01	548,910	469,581	469,664
Total Funding Costs	\$406,883.01	\$548,910	\$469,581	\$469,664
Current Level Services	406,883.01	548,910	469,581	469,664
Total Service Costs	\$406,883.01	\$548,910	\$469,581	\$469,664

Program Description

The Water Courts Supervision Program staff are responsible for the adjudication of claims of existing water rights in Montana and supervision of the distribution of water among the four water divisions.

Issues Addressed/Legislative Intent

A .5 FTE clerical position was deleted at the request of the agency.

Personal services increased to bring the agency in line with the FY87 pay matrix and other state agencies.

The court was prevented from working on new basins or preparing preliminary hearings on these basins during FY86 by a lawsuit. The 1989 biennium budget is realistic in comparison to the agency's work plan.

A budget modification request for an additional water master was denied.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	64.08	60.33	60.40	60.90
Personal Services	1,915,316.09	1,927,637	1,943,294	1,955,130
Operating Expenses	910,053.08	1,133,144	1,186,080	937,705
Equipment	46,204.10	4,200	6,365	2,875
Grants	0.00	0	1,300,000	1,300,000
Total Agency Costs	\$2,871,573.27	\$3,064,981	\$4,435,739	\$4,195,710
General Fund	2,229,948.39	2,212,916	2,168,868	2,166,936
State Special Revenue Fund	63,846.83	0	1,828,220	1,590,000
Federal & Other Spec Rev Fund	504,028.05	778,315	438,651	438,774
Proprietary Fund	73,750.00	73,750	0	0
Total Funding Costs	\$2,871,573.27	\$3,064,981	\$4,435,739	\$4,195,710
Current Level Services	2,835,240.17	3,064,981	4,435,739	4,195,710
Budget Amended Services	36,333.10	0	0	0
Total Service Costs	\$2,871,573.27	\$3,064,981	\$4,435,739	\$4,195,710

Agency Description

The Office of the Governor was created upon acceptance of Montana into the United States in 1889 and exists under

authority contained in Article VI of the Montana Constitution. The office oversees and directs the activities of the executive branch agencies.

EXECUTIVE OFFICE PROGRAM

Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	24.68	23.18	23.00	23.00
Personal Services	758,611.53	753,843	742,602	743,462
Operating Expenses	452,551.01	521,145	423,441	387,185
Equipment	4,823.11	0	3,490	0
Total Program Costs	\$1,215,985.65	\$1,274,988	\$1,169,533	\$1,130,647
General Fund	1,023,805.87	956,017	957,920	919,028
State Special Revenue Fund	18,000.00	0	90,000	90,000
Federal & Other Spec Rev Fund	174,179.78	318,971	121,613	121,619
Total Funding Costs	\$1,215,985.65	\$1,274,988	\$1,169,533	\$1,130,647
Current Level Services	1,179,652.55	1,274,988	1,169,533	1,130,647
Budget Amended Services	36,333.10	0	0	0
Total Service Costs	\$1,215,985.65	\$1,274,988	\$1,169,533	\$1,130,647

Program Description

The Executive Office program provides support to the Governor in overseeing and coordinating the activities of the executive branch of Montana State government. The program provides administrative, legal, press, and centralized services support for the offices of the Governor, as well as executive administration of programs of special impact on the citizens and governmental concerns of Montana. Special programs directed through staff efforts in this program include coordination of services for senior citizens, preserving clean water in the Flathead Basin, and coordination of

state agency activities relating to reclamation of land and water in the Clark Fork River Basin.

Issues Addressed/Legislative Intent

A 4% vacancy savings factor was applied to all positions in the Executive Office.

The authorized budget for the Executive Office will allow the program to maintain its current level of operations.

The Executive Office budget includes several special activities which were approved by the legislature. The funding levels of these programs are shown in Table 1.

Table 1
Governor's Office - Special Projects
1989 Biennium

	FY88	FY89
Aging Services Coordinator	\$40,057	\$40,279
Flathead Basin Commission	19,845	19,845
Clark Fork River Basin	136,613	136,619
Client Assistance Program	75,000	75,000

The Aging Services Coordinator and the Flathead Basin Commission are funded from the general fund. The Clark Fork River Basin Coordination Project is funded by the Resource Indemnity Trust Fund (\$90,000 per year) and federal funds (\$46,613 in FY88 and \$46,619 in FY89). The Client Assistance Program is 100% federally funded.

The Coal Tax Advocacy program budget was deleted during FY87. The program eliminated a .18 general fund FTE.

FY87 reductions made as a result of the general 5% cut were made permanent by the reduction of a 1.0 professional FTE and a .50 clerical FTE.

Two line-itemed appropriations were made to the Executive Office. An appropriation of \$8,190 annually has been made for expenses related to membership in the National Commission on Uniform State Laws. A \$25,000 biennial appropriation was included to allow the office to deal with unforeseen emergencies.

Other Appropriation Bills

HB867 appropriated \$300,000 in general funds to the Governor's Office for the establishment of the Supercollider Task Force. The bill also called for \$100,000 match to be raised by the private sector. The unexpended balance of the appropriation will revert after June 30, 1988, unless Montana is still in contention for the Supercollider program.

MANSSION MAINTENANCE PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	2.15	1.90	1.90	1.90
Personal Services	33,502.35	35,071	37,052	37,087
Operating Expenses	21,845.78	21,771	23,587	24,515
Equipment	170.00	0	0	0
Total Program Costs	\$55,518.13	\$56,842	\$60,639	\$61,602
General Fund	55,518.13	56,842	60,639	61,602
Total Funding Costs	\$55,518.13	\$56,842	\$60,639	\$61,602
Current Level Services	55,518.13	56,842	60,639	61,602
Total Service Costs	\$55,518.13	\$56,842	\$60,639	\$61,602

Program Description

The staff of the Mansion Maintenance Program maintains the Governor's official residence.

Issues Addressed/Legislative Intent

A 4% vacancy savings factor was applied to all positions in the Mansion Maintenance Program.

FY87 reductions made as a result of the general 5% cut were made permanent by the reduction of a .5 FTE custodial worker position to .25 FTE.

The operating expense budget was maintained at current level, except for projected utility rate increases.

AIR TRANSPORTATION PROGRAM
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	1.00	1.00	1.00	1.00
Personal Services	31,934.59	30,753	32,408	32,536
Operating Expenses	59,008.38	75,155	63,340	66,688
Equipment	199.00	0	0	0
Total Program Costs	\$91,141.97	\$105,908	\$95,748	\$99,224
General Fund	91,141.97	105,908	95,748	99,224
Total Funding Costs	\$91,141.97	\$105,908	\$95,748	\$99,224
Current Level Services	91,141.97	105,908	95,748	99,224
Total Service Costs	\$91,141.97	\$105,908	\$95,748	\$99,224

Program Description

The Air Transportation Program provides transportation for the Governor.

Issues Addressed/Legislative Intent

A 4% vacancy savings factor was applied to the Air Transportation Program.

The authorized budget for this program will allow FY86 level of operations.

OFFICE OF BUDGET & PGM PLANNING
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	18.25	17.25	16.50	17.00
Personal Services	523,504.40	556,809	549,223	560,402
Operating Expenses	176,606.85	208,197	125,319	146,707
Equipment	39,167.94	0	1,875	1,875
Total Program Costs	\$739,279.19	\$765,006	\$676,417	\$708,984
General Fund	665,529.19	691,256	676,417	708,984
Proprietary Fund	73,750.00	73,750	0	0
Total Funding Costs	\$739,279.19	\$765,006	\$676,417	\$708,984
Current Level Services	739,279.19	765,006	676,417	708,984
Total Service Costs	\$739,279.19	\$765,006	\$676,417	\$708,984

Program Description

The staff of the Office of Budget and Program Planning (OBPP) assist the Governor in the planning, preparation, and administration of the state budget, the development and evaluation of alternative program plans for the provision of state government services, and the examination and improvement of methods of providing services to state citizens. OBPP reviews the total organizational structure of the executive branch, makes recommendations on the transfer of functions between departments or the elimination of unnecessary functions, and formulates and monitors policies in areas of management concerns. Additional functions include: preparation and monitoring of revenue estimates; approving all FTE position additions, deletions and transfers by state agencies; verifying and documenting the accuracy of position actions; and maintaining reconciliation reporting of FTE's per legislative intent. The accuracy of the automated Payroll/Personnel/Position Control system main-

tained by the Personnel Division of the Department of Administration is also monitored.

Issues Addressed/Legislative Intent

A 4% vacancy savings factor was applied to all positions in the Office of Budget and Program Planning.

A budget analyst position was eliminated in FY87 and a .75 administrative clerk position will be eliminated in FY88. An additional .50 FTE (administrative clerk) was requested for FY89. This will be a net reduction of 1.75 FTE in FY88 and 1.25 in FY89 from the levels budgeted by the 1985 Legislative Session.

Statewide audit costs are no longer included in this program budget. Language in HB2 states that any funds remaining in the statewide audit proprietary account at Fiscal Year End 87 must be transferred to the general fund to help support the cost of the annual audit.

HB2 allows the Office of Budget and Program Planning to establish transfer appropriations for vocational-technical centers and the university units. This provision allows com-

pliance with proper accounting of current unrestricted operations.

NORTHWEST REGIONAL POWER ACT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	7.00	7.00	5.00	5.00
Personal Services	237,535.95	241,449	198,417	198,536
Operating Expenses	90,501.27	213,695	117,621	117,619
Equipment	1,811.05	4,200	1,000	1,000
Total Program Costs	\$329,848.27	\$459,344	\$317,038	\$317,155
Federal & Other Spec Rev Fund	329,848.27	459,344	317,038	317,155
Total Funding Costs	\$329,848.27	\$459,344	\$317,038	\$317,155
Current Level Services	329,848.27	459,344	317,038	317,155
Total Service Costs	\$329,848.27	\$459,344	\$317,038	\$317,155

Program Description

The Pacific Northwest Electric Power and Conservation Planning Council was created in accordance with Public Law 96-501, passed by the U.S. Congress on December 5, 1980. The Power Planning Council is made up of two members from each of the states of Montana, Washington, Idaho, and Oregon. It is charged with the development of a twenty-year electric energy plan that will provide an efficient and adequate electric power supply for consumers in the Pacific Northwest and will encourage conservation and development of natural resources. This plan will also provide for enhancement of fish populations. House Bill 641 of the 47th Montana State Legislature in 1981 enabled Montana to par-

ticipate in the Regional Power Planning Council by providing for the appointment by the Governor of two Montana members.

Issues Addressed/Legislative Intent

A 4% vacancy savings factor was applied to all positions in the Northwest Regional Power Act Program.

Two positions will be eliminated on June 30, 1987 (an information officer and an administrative aide) as proposed by the agency.

This program is 100% federally funded, provided through a negotiated contract with the Bonneville Power Administration.

LT. GOVERNOR Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	6.00	6.00	5.00	5.00
Personal Services	191,250.42	188,313	163,912	163,716
Operating Expenses	36,846.44	40,283	37,326	37,528
Total Program Costs	\$228,096.86	\$228,596	\$201,238	\$201,244
General Fund	228,096.86	228,596	201,238	201,244
Total Funding Costs	\$228,096.86	\$228,596	\$201,238	\$201,244
Current Level Services	228,096.86	228,596	201,238	201,244
Total Service Costs	\$228,096.86	\$228,596	\$201,238	\$201,244

Program Description

As provided in Article VI, Section 4, of the Montana Constitution, the Lieutenant Governor shall perform the duties provided by law and those delegated to him by the Governor. The Office of the Lieutenant Governor serves as the liaison between state and local governments (56 counties and 127 municipalities). Current priorities include infrastructure issues and the local voter review process. The

Office also handles supervision of Intergovernmental Review Clearinghouse operations, planning for Statehood Centennial activities and occasional special projects.

Issues Addressed/Legislative Intent

A vacancy savings factor was applied to all positions in the Lieutenant Governor's office.

A 1.0 FTE professional position was eliminated by the legislature from this office.

CITIZENS ADVOCATE OFFICE	Actual	Budgeted	Appropriated	
Budget Detail Summary	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	1.00	1.00	1.00	1.00
Personal Services	32,573.39	31,306	31,575	31,518
Operating Expenses	16,064.12	19,238	16,052	16,052
Total Program Costs	\$48,637.51	\$50,544	\$47,627	\$47,570
General Fund	48,637.51	50,544	47,627	47,570
Total Funding Costs	\$48,637.51	\$50,544	\$47,627	\$47,570
Current Level Services	48,637.51	50,544	47,627	47,570
Total Service Costs	\$48,637.51	\$50,544	\$47,627	\$47,570

Program Description

The Citizens Advocate Office gives Montana's citizens ready access to their state government. The public contacts the Citizens' Advocate Office by toll-free telephone to obtain information, make suggestions, air complaints, and ask for assistance with problems regarding state government.

Issues Addressed/Legislative Intent

A 4% vacancy savings factor was applied to the Citizens' Advocate office.

The authorized budget allows the office to maintain its current level of operation.

MENTAL DIS BD VISITORS	Actual	Budgeted	Appropriated	
Budget Detail Summary	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	3.00	3.00	3.00	3.00
Personal Services	79,845.06	90,093	89,933	89,865
Operating Expenses	37,340.80	33,660	39,346	39,419
Equipment	33.00	0	0	0
Total Program Costs	\$117,218.86	\$123,753	\$129,279	\$129,284
General Fund	117,218.86	123,753	129,279	129,284
Total Funding Costs	\$117,218.86	\$123,753	\$129,279	\$129,284
Current Level Services	117,218.86	123,753	129,279	129,284
Total Service Costs	\$117,218.86	\$123,753	\$129,279	\$129,284

Program Description

The Mental Disabilities Board of Visitors, established by Section 2-15-211, MCA, protects the right of the mentally ill and the developmentally disabled by reviewing the care and treatment provided by those community mental health centers and state institutions which serve this population. The Board also provides legal services for the residents at those

institutions. The Board performs its duties pursuant to Title 53, Chapters 20 and 21, Part 1, MCA.

Issues Addressed/Legislative Intent

A 4% vacancy savings factor was applied to all positions in the Mental Disabled Board of Visitors.

The approved budget allows this program to maintain its current level of operation.

STATEHOOD CENTENNIAL OFFICE Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	1.00	.00	4.00	4.00
Personal Services	26,558.40	0	98,172	98,008
Operating Expenses	19,288.43	0	340,048	101,992
Grants	0.00	0	1,300,000	1,300,000
Total Program Costs	\$45,846.83	\$0	\$1,738,220	\$1,500,000
State Special Revenue Fund	45,846.83	0	1,738,220	1,500,000
Total Funding Costs	\$45,846.83	\$0	\$1,738,220	\$1,500,000
Current Level Services	45,846.83	0	1,738,220	1,500,000
Total Service Costs	\$45,846.83	\$0	\$1,738,220	\$1,500,000

Program Description

The 1985 Legislative Session created the Montana Statehood Centennial Office and a Montana Statehood Centennial Commission. The purpose of the commission and the office is to encourage the commemoration and celebration of Montana's 100th anniversary of statehood on November 8, 1989.

Issues Addressed/Legislative Intent

No general funds were appropriated for operations of the Montana Statehood Centennial Office; the program will be

funded by donations and centennial revenue raising activities.

Three FTE were added to the program in anticipation of the 1989 Statehood Centennial Celebration.

The 1985 Legislature authorized the office to borrow start-up funds from the Junk Vehicle Disposal Account and the Crime Victims Compensation Account. HB849 extended the repayment deadlines on the loan from June 30, 1987, to January 1, 1988.

A 4% vacancy savings factor was applied to the Montana Statehood Centennial Office.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	35.00	31.00	27.50	27.50
Personal Services	677,722.18	663,509	590,479	589,901
Operating Expenses	460,018.20	475,713	506,058	464,261
Equipment	16,435.76	0	0	0
Local Assistance	0.00	30,000	0	0
Transfers	30,600.00	0	0	0
Total Agency Costs	\$1,184,776.14	\$1,169,222	\$1,096,537	\$1,054,162
General Fund	861,920.45	859,387	519,057	521,931
State Special Revenue Fund	322,855.69	309,835	577,480	532,231
Total Funding Costs	\$1,184,776.14	\$1,169,222	\$1,096,537	\$1,054,162
Current Level Services	1,184,776.14	1,169,222	1,096,537	1,054,162
Total Service Costs	\$1,184,776.14	\$1,169,222	\$1,096,537	\$1,054,162

Agency Description

The office of the Secretary of State, established by Article VI, Section 1 of the Montana Constitution, reviews and maintains public interest records of business, non-profit organizations and secured financial transactions. As the

chief election officer of the state, the Secretary of State is responsible for the application, operation and interpretation of all election laws except those pertaining to campaign finance. In addition, maintains the official records of the executive branch and the acts of the Legislature.

RECORDS MANAGEMENT PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	31.50	27.50	24.00	24.00
Personal Services	590,196.61	577,972	505,595	505,128
Operating Expenses	389,849.52	398,269	397,392	395,939
Equipment	15,261.32	0	0	0
Local Assistance	0.00	30,000	0	0
Total Program Costs	\$995,307.45	\$1,006,241	\$902,987	\$901,067
General Fund	831,320.45	859,387	519,057	521,931
State Special Revenue Fund	163,987.00	146,854	383,930	379,136
Total Funding Costs	\$995,307.45	\$1,006,241	\$902,987	\$901,067
Current Level Services	995,307.45	1,006,241	902,987	901,067
Total Service Costs	\$995,307.45	\$1,006,241	\$902,987	\$901,067

Program Description

The Records Management Program staff are responsible for filing, maintaining, and preserving records of the state and certain public interest records of the private sector — such as corporate charter documents, trade names, assumed business names, and financial statements under the Uniform Commercial Code.

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program including the elected official position.

This program has two activities - Records Management and Agricultural Lien. The records management activities for the most part are funded with general fund and the agricultural

lien with user fees - state special revenue. \$33,000 of annual agricultural lien fees that passed through to county clerk and recorders for services provided, were eliminated by HB837. HB837 also transferred the funding for Uniform Commercial Code (records management) from general fund to state special revenue. Resulting in general fund reductions of \$189,327 in FY88 and \$187,844 in FY89.

The FTE level decreased by 7.5 from FY86 (31.5 FTE in FY86 to 24.0 FTE for the biennium). 1.0 FTE was authorized in FY86 only for the Uniform Commercial Code files conversion to microfilm project. 3.0 FTE data entry operators were hired for the agricultural lien activity start up - FY86. A .5 FTE clerk position was deleted in FY86 as a result of automation; a .5 FTE data entry operator was deleted as part of June 1986 Special Session cuts; in addi-

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tion, 1.0 FTE corporate documents specialist and 1.5 FTE office clerk positions were deleted at the agency's request.

ADMINISTRATIVE CODE PROGRAM Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	3.50	3.50	3.50	3.50
Personal Services	87,525.57	85,537	84,884	84,773
Operating Expenses	70,168.68	77,444	108,666	68,322
Equipment	1,174.44	0	0	0
Transfers	30,600.00	0	0	0
Total Program Costs	\$189,468.69	\$162,981	\$193,550	\$153,095
General Fund	30,600.00	0	0	0
State Special Revenue Fund	158,868.69	162,981	193,550	153,095
Total Funding Costs	\$189,468.69	\$162,981	\$193,550	\$153,095
Current Level Services	189,468.69	162,981	193,550	153,095
Total Service Costs	\$189,468.69	\$162,981	\$193,550	\$153,095

Program Description

The Administrative Code Program staff execute the duties required of the Office of the Secretary of State under the Montana Administrative Procedures Act. These duties include filing, indexing, organizing for publication, and distributing the administrative rules adopted by state agencies in the Administrative Rules of Montana (ARM) and the Montana Administrative Register (MAR).

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program including the elected official partial position.

HB901 removed the statutory requirement for general fund to cover the cost of "free copies" of the Administrative Rules (ARM) distributed to certain state agencies. This is an annual savings of \$30,600.

The FY88 budget reflects \$37,900 for printing and binding costs of 100 new sets of the ARM manual. The costs will be recovered as the volumes are sold.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	4.75	4.75	3.00	3.00
Personal Services	125,196.80	123,951	74,360	73,970
Operating Expenses	14,502.93	12,583	28,751	30,893
Total Agency Costs	\$139,699.73	\$136,534	\$103,111	\$104,863
General Fund	139,651.73	135,584	102,311	100,063
State Special Revenue Fund	48.00	950	800	4,800
Total Funding Costs	\$139,699.73	\$136,534	\$103,111	\$104,863
Current Level Services	139,699.73	136,534	103,111	104,863
Total Service Costs	\$139,699.73	\$136,534	\$103,111	\$104,863

Agency Description

The Office of the Commissioner of Political Practices was created by the 44th Legislature in 1975 for the purpose of monitoring disclosures of financial contributions to and expenditures of Montana political committees and candidates. The office exists under the authority contained in Title 13, chapter 37, MCA. The responsibilities of the office were expanded in 1980 by Initiative 85, to include the registration of lobbyists, their principals' financial reports, and the disclosure of elected officials' business and ownership interests. The Office of the Commissioner of Political Practices is attached to the Office of the Secretary of State for administrative purposes only.

Issues Addressed/Legislative Intent

A revised 1989 biennial budget presented by the new Commissioner provided for an overall 26% reduction in FY88 and 25% in FY89 as compared to FY86 actual expenditures.

The FTE level was reduced from 4.75 to 3.0 eliminating a three-quarter time administrative officer position and a lawyer position. \$15,000 in each year of the biennium was added for contracted legal services. No vacancy savings factor was applied to this budget.

It is the intent of the legislature and language has been included in HB2 that a fee be charged for copies of the Summary of Contributions/Expenditures for the Candidates/Committees book sufficient to cover the costs of publication. Fees would be deposited in the state special revenue account with balances reverting to the general fund at the end of the biennium. Public libraries will continue to receive free copies of the book.

The state special revenue account will be used for both the sale of the post-election book and for fees collected for copying documents and campaign reports. The copying fees are intended to off-set the cost of the leasing and maintaining a copy machine.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	60.17	60.00	62.50	62.50
Personal Services	1,323,498.16	1,349,537	1,475,049	1,473,471
Operating Expenses	914,467.16	871,087	1,023,551	843,107
Equipment	102,703.54	1,000	96,752	288
Local Assistance	11,890,198.39	0	0	0
Transfers	2,070,369.00	0	0	0
Total Agency Costs	\$16,301,236.25	\$2,221,624	\$2,595,352	\$2,316,866
General Fund	1,072,582.81	1,050,115	1,028,402	784,154
State Special Revenue Fund	9,306,894.81	1,171,509	1,566,950	1,532,712
Federal & Other Spec Rev Fund	5,921,758.63	0	0	0
Total Funding Costs	\$16,301,236.25	\$2,221,624	\$2,595,352	\$2,316,866
Current Level Services	16,301,236.25	2,221,624	2,595,352	2,316,866
Total Service Costs	\$16,301,236.25	\$2,221,624	\$2,595,352	\$2,316,866

Agency Description

The Office of the State Auditor, established by Article VI, Section 1 of the Montana Constitution, has statutory duties to superintend the fiscal concerns of the state, suggest plans for improvement and management of public revenues, keep an accounting system of all state funds, and pay into the state treasury all funds and fees received.

The auditor has been responsible for examining the legality of all obligations or claims incurred by state government and issuing warrants for their payment.

The State Auditor, as ex-officio commissioner of insurance, is empowered with duties to license and regulate insurance companies and agents in Montana.

As ex-officio securities commissioner, the auditor and staff regulate and register issuers, broker-dealers, and investment advisors and license the sellers of securities.

The state auditor is director of the state central payroll system. This division is responsible for paying all state employees. Effective July 1, 1983, the entire responsibility for the Payroll/Position Control/ and Personnel (P/P/P) System resides with this office.

The office is also responsible for distributing police and firemen's retirement funds to local governments.

CENTRAL MANAGEMENT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	9.00	8.00	8.00	8.00
Personal Services	211,522.06	208,123	197,578	197,547
Operating Expenses	78,908.57	141,569	43,102	40,492
Equipment	73,680.15	0	423	0
Total Program Costs	\$364,110.78	\$349,692	\$241,103	\$238,039
General Fund	364,110.78	349,692	241,103	238,039
Total Funding Costs	\$364,110.78	\$349,692	\$241,103	\$238,039
Current Level Services	364,110.78	349,692	241,103	238,039
Total Service Costs	\$364,110.78	\$349,692	\$241,103	\$238,039

Program Description

The Central Administration Division staff provides the administrative, budgeting, and accounting functions for the State Auditor's Office. It also provides for the deposit and

issue of receipts for all fees collected by the Insurance and Securities departments.

Issues Addressed/Legislative Intent

A 4% vacancy savings factor was applied to this program and includes the elected official position.

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Budget reductions (actual FY86 vs. FY88 and FY89) reflect one time expenditures related to the office automation project and warrant writing system study.

A 1.0 FTE data processing technician position was eliminated as part of June 1986 Special Session budget reductions.

AUDIT DIVISION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	19.50	20.00	19.50	19.50
Personal Services	393,134.83	400,281	412,643	412,141
Operating Expenses	598,912.15	568,173	731,260	564,558
Equipment	20,400.99	0	84,570	0
Total Program Costs	\$1,012,447.97	\$968,454	\$1,228,473	\$976,699
General Fund	708,472.03	700,423	787,299	546,115
State Special Revenue Fund	303,975.94	268,031	441,174	430,584
Total Funding Costs	\$1,012,447.97	\$968,454	\$1,228,473	\$976,699
Current Level Services	1,012,447.97	968,454	1,228,473	976,699
Total Service Costs	\$1,012,447.97	\$968,454	\$1,228,473	\$976,699

Program Description

Fiscal Control and Management Division staff provide direct mailing of State of Montana warrants, replacement of lost or damaged warrants, final storage of cashed warrants.

State Payroll operates a central payroll system for state employees. All payroll warrants for state employees are prepared and issued by this program.

Issues Addressed/Legislative Intent

Vacancy savings for this program was set at 4%.

An administrative clerk position was eliminated as part of the June 1986 Special Session budget reductions and a personnel processing technician was transferred from the Personnel Division, Department of Administration. The duties

and responsibilities of the transferred position will not change. The position's responsibilities are more directly associated with the payroll system and the costs are better reflected in this program.

The program is supported with general fund and state special revenue. The state special revenue funds are obtained through a payroll service fee assessed against non-general fund operations. Expenses charged to the state special revenue account will increase for the 1989 biennium in order to utilize existing fund balances.

Warrant Replacement System. \$199,250 general fund biennial appropriation was approved for the design, development and implementation of a new warrant writing system. \$118,000 will cover computer processing and system development charges, and \$81,250 will be for hardware.

INSURANCE Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	22.67	23.00	26.00	26.00
Personal Services	505,799.08	522,936	635,145	634,315
Operating Expenses	193,183.81	124,169	197,426	189,011
Equipment	5,680.83	1,000	6,611	288
Transfers	347,100.00	0	0	0
Total Program Costs	\$1,051,763.72	\$648,105	\$839,182	\$823,614
State Special Revenue Fund	1,051,763.72	648,105	839,182	823,614
Total Funding Costs	\$1,051,763.72	\$648,105	\$839,182	\$823,614
Current Level Services	1,051,763.72	648,105	839,182	823,614
Total Service Costs	\$1,051,763.72	\$648,105	\$839,182	\$823,614

Program Description

The staff of the Insurance Regulation and Licensing Program protect the insurance-buying public by:

requiring that each insurer transacting business in Montana be authorized by a subsisting certificate of authority;

examining the affairs, transactions, accounts, and assets of each authorized insurer to determine whether it is financially solvent;

regulating insurers' and agents' trade practices and prohibiting unfair competition and unfair or deceptive practices;

requiring all agents and solicitors to pass a written examination and be licensed before doing business in the state;

regulating insurance rates to insure that they are not excessive, inadequate, or unfairly discriminatory;

examining and approving before use all forms used by insurers;

collecting all insurance and license fees established by state law; and

allocating money collected from the insurance premium tax to the appropriate funds, as provided by law.

Issues Addressed/Legislative Intent

Vacancy savings for this program was set at 4%.

Funding for this program is Insurance Regulatory Trust Account state special. Any balance in the account at fiscal year end reverts to the general fund as provided in section 17-2-121, MCA. Therefore, any increase to this budget has a dollar for dollar impact on general fund revenue. Table 1

shows a comparison of fees collected to expenditures and the amount of excess reverting to the general fund.

A compliance specialist position increased from a .17 in FY86 to a 1.0 FTE because it only existed for 2 months in FY86. The position was established during the March special session for the Montana Insurance Assistance Program. A .5 FTE payroll clerk position was transferred to the Audit Division during the agency's reorganization in the 1987 biennium. A 1.0 FTE hearings officer was eliminated as part of the June 1986 Special Session reductions and replaced by \$10,000 annually in contracted services - contract for hearings officer.

HB372 provides for increasing certain regulated insurance company license fees. The purpose being to increase revenues to cover the cost of insurance regulation activities supported by the insurance industry. Three additional FTE were approved to provide these services; and include an actuary, a field investigator and an administrative aide. Revenues are projected at \$117,497 annually with approved appropriation authority of \$116,127 in FY88 and \$112,442 in FY89.

Other Appropriation Bill

HB880 appropriated \$18,208 in FY88 and \$17,108 in FY89 of Insurance Regulatory Account funds for a 1.0 FTE administrative assistant to implement the provisions of the act. The intent of HB880 is to change premium tax payments by insurers from annually to quarterly.

Table 1
Insurance Regulatory Trust Account

<u>Fiscal Year</u>	<u>Insurance Regulation Fees Collected</u>	<u>Actual Expenditures To Regulate</u>	<u>Excess Fees</u>	<u>Collections To Expenditures</u>
1964	151,050.00	69,168.00	81,882.00	46%
1965	136,942.00	63,883.00	73,059.00	47%
1966	145,250.00	75,499.00	69,751.00	52%
1967	140,760.00	91,338.00	49,422.00	65%
1968	147,510.00	98,028.00	49,482.00	67%
1969	147,574.00	93,376.00	54,198.00	63%
1970	353,566.00	114,101.00	239,465.00	32%
1971	364,254.00	112,156.00	252,098.00	31%
1972	373,655.00	137,565.00	236,090.00	37%
1973	409,056.00	142,800.00	266,256.00	35%
1974	428,157.00	246,362.00	181,795.00	58%
1975	598,265.00	397,294.00	200,971.00	66%
1976	584,003.00	342,775.00	241,228.00	59%
1977	579,433.00	452,518.00	126,915.00	78%
1978	668,879.00	400,107.00	268,772.00	60%
1979	895,409.00	403,554.00	491,855.00	45%
1980	753,832.00	429,235.00	324,597.00	57%
1981	872,647.00	458,777.00	413,870.00	53%
1982	1,049,767.00	542,781.00	506,986.00	52%
1983	1,179,719.00	613,048.00	566,671.00	52%
1984	1,180,030.00	604,071.00	575,959.00	51%
1985	1,157,380.00	665,167.00	492,213.00	58%
1986	1,170,584.00	704,665.00	465,919.00	60%
1987(Budgeted)	1,332,049.00	684,705.00	647,344.00	51%
Totals	14,819,771.00	7,942,973.00	6,876,798.00	

SECURITIES Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	9.00	9.00	9.00	9.00
Personal Services	213,042.19	218,197	229,683	229,468
Operating Expenses	43,462.63	37,176	51,763	49,046
Equipment	2,941.57	0	5,148	0
Transfers	1,723,269.00	0	0	0
Total Program Costs	\$1,982,715.39	\$255,373	\$286,594	\$278,514
State Special Revenue Fund	1,982,715.39	255,373	286,594	278,514
Total Funding Costs	\$1,982,715.39	\$255,373	\$286,594	\$278,514
Current Level Services	1,982,715.39	255,373	286,594	278,514
Total Service Costs	\$1,982,715.39	\$255,373	\$286,594	\$278,514

Program Description

The staff of the Securities Division are responsible for the administration of the Securities Act of Montana, which protects investors against nefarious and unsubstantial securities schemes.

end, reverts to the general fund as provided for in section 30-15-115, MCA. \$10,000 was included in the program budget for the purpose of contracting for hearings officer services.

A 4% vacancy savings factor was set for this program.

Table 2 presents statistical data on activities performed by the Securities section.

Issues Addressed/Legislative Intent

This program is supported by the Securities Regulatory Account state special. Any balance in the account at fiscal year

Table 2
State Auditor - Securities Statistics
1980 - 1986

	FY80	FY81	FY82	FY83	FY84	FY85	FY86
Registration Activities							
Insurer Filings	713	1,175	1,319	1,847	1,867	1,894	2,261
Salesmen	583	771	932	2,587	4,616	5,873	7,688
Brokers	157	179	222	258	370	419	505
Advisors	11	18	25	26	53	49	60
Total	1,464	2,143	2,498	4,718	6,906	8,235	10,514
Enforcement Activities							
Investigations			23	83	82	62	38
Revocations & Denial Orders			0	6	4	2	4
Cease & Desist Orders			6	44	45	18	32
Consent Orders			1	6	4	5	6
Permanent Injunctions			0	2	3	0	1
Total	N/A	N/A	30	141	138	87	81
Dollars Recovered	N/A	N/A	\$11,000	\$1,741,900	\$388,000	\$72,000	\$407,000

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LOCAL ASSISTANCE DISTRIBUTIONS Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Local Assistance	5,009,339.54	0	0	0
Total Program Costs	\$5,009,339.54	\$0	\$0	\$0
State Special Revenue Fund	5,009,339.54	0	0	0
Total Funding Costs	\$5,009,339.54	\$0	\$0	\$0
Current Level Services	5,009,339.54	0	0	0
Total Service Costs	\$5,009,339.54	\$0	\$0	\$0

Program Description

Pursuant to Sections 19-10-305, 19-9-702, 19-11-512, 19-12-301, and 19-13-604, MCA, payments are made to the Public Employees Retirement Division (PERD) and to fire

and police departments of qualifying Montana cities and towns. Funds to make payments are received from the premium tax collected on insurance against risks enumerated in 19-11-512, MCA.

FOREST RES & FPGA TO COUNTIES Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Local Assistance	5,921,758.63	0	0	0
Total Program Costs	\$5,921,758.63	\$0	\$0	\$0
Federal & Other Spec Rev Fund	5,921,758.63	0	0	0
Total Funding Costs	\$5,921,758.63	\$0	\$0	\$0
Current Level Services	5,921,758.63	0	0	0
Total Service Costs	\$5,921,758.63	\$0	\$0	\$0

Program Description

Moneys received from National Forests under the provisions of the Act of May 23, 1908, as amended (16 USC 500) are

distributed according to a statement furnished by the United States Department of Agriculture, Forest Service, showing county distribution.

PENSION ADJ RETIRED FIREMEN Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Local Assistance	959,100.22	0	0	0
Total Program Costs	\$959,100.22	\$0	\$0	\$0
State Special Revenue Fund	959,100.22	0	0	0
Total Funding Costs	\$959,100.22	\$0	\$0	\$0
Current Level Services	959,100.22	0	0	0
Total Service Costs	\$959,100.22	\$0	\$0	\$0

Program Description

The Pension Adjustment - Retired Firemen Program is responsible for the distribution to cities and towns of certain

supplemental firemen's retirement system funds under the provisions of 19-11 606, MCA.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	134.10	134.10	121.90	121.90
Personal Services	3,525,844.18	3,587,270	3,438,591	3,438,026
Operating Expenses	1,722,732.87	1,884,986	1,592,554	1,550,928
Equipment	134,322.45	60,075	68,374	68,378
Local Assistance	205,909,897.01	33,669,498	33,609,838	33,519,838
Grants	3,913,930.71	3,964,879	3,825,000	3,825,000
Transfers	12,131,303.54	27,243,986	408,612	11,115,574
Total Agency Costs	\$227,338,030.76	\$70,410,694	\$42,942,969	\$53,517,744
General Fund	46,915,037.33	61,071,780	37,247,545	47,954,875
State Special Revenue Fund	174,638,717.70	2,902,440	801,694	767,794
Federal & Other Spec Rev Fund	5,784,275.73	6,436,474	4,893,730	4,795,075
Total Funding Costs	\$227,338,030.76	\$70,410,694	\$42,942,969	\$53,517,744
Current Level Services	227,265,878.72	70,410,694	42,942,969	53,517,744
Budget Amended Services	72,152.04	0	0	0
Total Service Costs	\$227,338,030.76	\$70,410,694	\$42,942,969	\$53,517,744

Agency Description

The Superintendent of Public Instruction is an elected official Mandated by Section 1, Article VI, of the Montana Constitution. Section 20-3-106, MCA, states that the Superintendent "...has the general supervision of the public schools and districts of the state." Section 20-7-301, MCA, names the Superintendent as "the governing agent and executive officer" for vocational education in Montana.

The office provides services to Montana's school age children and to teachers in 556 school districts. The staff provides technical assistance in planning, implementing and evaluating educational programs in such areas as teacher preparation, teacher certification, school accreditation, school curriculum, school finance and school law. The staff administers a number of federally funded programs and provides a variety of information services.

Issues Addressed/Legislative Intent

The budget for the Office of Public Instruction generally did not change from the FY86 base except for the deletion of FTE that were removed to absorb the unfunded pay plan in FY87.

Two major program changes were implemented by the legislature. First, governance of vocational technical centers was transferred from OPI to the Board of Regents. This change impacts program 09, the Distribution Program. The OPI budget will no longer reflect transfers of general fund, interest earnings from the educational trust fund, and millage spending.

The second major change to the Office of Public Instruction was the addition of the audiology program which was transferred from the School For The Deaf and Blind to the Special Services Division in this department.

CHIEF STATE SCHOOL OFFICER**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	3.00	2.00	3.00	3.00
Personal Services	91,050.41	75,235	93,922	93,762
Operating Expenses	55,713.94	60,532	51,836	43,368
Equipment	537.96	0	0	0
Total Program Costs	\$147,302.31	\$135,767	\$145,758	\$137,130
General Fund	128,187.35	116,696	124,190	124,062
Federal & Other Spec Rev Fund	19,114.96	19,071	21,568	13,068
Total Funding Costs	\$147,302.31	\$135,767	\$145,758	\$137,130
Current Level Services	147,302.31	135,767	145,758	137,130
Total Service Costs	\$147,302.31	\$135,767	\$145,758	\$137,130

Program Description

The Chief State School Officer Program provides leadership, direction and coordination of services to a variety of school and public groups. The staff provides assistance to the Superintendent of Public Instruction in performing prescribed duties requiring the Superintendent's personal attention or representation. This program's educational services component provides informational, evaluative, planning, data processing and administrative support for basic and vocational programs available in Montana schools at the elementary, secondary and post-secondary levels. Staff members manage state and federal financial resources for schools; assist school staff directly through on site consultation, research, needs assessments, material development and

in-service education; prepare recommendations for school accreditation; and operate a teacher certification program.

Issues Addressed/Legislative Intent

The budget for the superintendent's office was adjusted slightly from the FY86 level. Vacancy savings was not taken on the superintendent's position, but 4% vacancy savings was applied against the other two positions in this program. A contract totalling \$6,413 in FY86 was deleted because the contractor has been hired. The budgeted printing costs for FY88 include \$8,500 for printing the school laws of Montana to incorporate changes made during the 49th Legislature. The publication of these laws is supported with funds generated from the sale of the publication.

BASIC SKILLS**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	37.80	35.80	32.80	32.80
Personal Services	934,456.99	900,589	887,329	888,871
Operating Expenses	318,969.12	299,541	257,145	257,860
Equipment	68,531.34	32,573	35,000	35,000
Transfers	19,221.43	34,802	34,413	34,413
Total Program Costs	\$1,341,178.88	\$1,267,505	\$1,213,887	\$1,216,144
General Fund	939,533.05	882,134	853,468	855,549
State Special Revenue Fund	253,627.56	269,371	237,905	237,944
Federal & Other Spec Rev Fund	148,018.27	116,000	122,514	122,651
Total Funding Costs	\$1,341,178.88	\$1,267,505	\$1,213,887	\$1,216,144
Current Level Services	1,286,696.25	1,267,505	1,213,887	1,216,144
Budget Amended Services	54,482.63	0	0	0
Total Service Costs	\$1,341,178.88	\$1,267,505	\$1,213,887	\$1,216,144

Program Description

The Basic Instructional Services Department is designed to offer assistance to elementary and secondary schools in the academic disciplines of Math, Science, Computer Education, Social Studies, Language Arts, Reading, Library Science, Art, Music, Indian Education, Second Languages, Driver

Education and Safety, Veterans Education, and Health and Physical Education. This department also issues nearly 23,000 teacher certificates and provides administrative assistance to the Board of Public Education for review of teacher training programs for all public and private colleges in Montana. Over 800 public and private schools are accredited each year and a five year rotation of on-site visitations

occur for each of these schools. The department provides the schools, other agencies, and private concerns with a state film library for more than 7,000 films, videotapes, and laser discs, as well as satellite reception.

Issues Addressed/Legislative Intent

The FTE level decreases 5.0 FTE in each year when FY86 is compared to FY88 and FY89. Of these, 2.5 FTE were deleted due to vacancies and absorption of the FY87 unfunded pay plan, 2.0 film clerk positions were deleted to attempt to make the film library self sufficient, and a .5 FTE Indian education position

was transferred to the Special Services Program in order to allow the use of national origin federal funds.

Operating expenses decline from FY86 due to the deletion of one-time federal grants totalling \$54,809 and a reduction of \$50,500 due to one-time expenses for teacher certification procedures. These changes reflect the reduction in general funds.

State special funds are budgeted from the audio/visual library at \$145,125 in each year and from traffic fines totalling \$92,780 in FY88 and \$92,819 in FY89. Federal revenue budgeted includes veteran's education funding at approximately \$53,000 per year and federal driver's education funding at approximately \$43,000 per year.

VOCATIONAL EDUCATION Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	17.15	19.15	10.95	10.95
Personal Services	492,129.12	530,384	339,928	339,843
Operating Expenses	87,440.81	140,326	36,772	36,796
Equipment	4,524.08	2,400	8,000	8,000
Transfers	67,647.52	61,119	67,552	67,379
Total Program Costs	\$651,741.53	\$734,229	\$452,252	\$452,018
General Fund	302,457.39	386,132	178,167	177,974
Federal & Other Spec Rev Fund	349,284.14	348,097	274,085	274,044
Total Funding Costs	\$651,741.53	\$734,229	\$452,252	\$452,018
Current Level Services	651,741.53	734,229	452,252	452,018
Total Service Costs	\$651,741.53	\$734,229	\$452,252	\$452,018

Program Description

The Department of Vocational Education Services staff provide supervision, leadership and consultant services for local vocational education programs. The staff assist students, teachers, counselors, and administrators in secondary and postsecondary vocational-technical schools through evaluations, workshops, and technical assistance.

Issues Addresses/Legislative Intent

The Vocational Education Program was substantially changed by the 49th Legislature by the passage of HB39. This legislation removed the supervision of the vocational-technical centers from the Office of Public Instruction and placed the centers under the Board of Regents. This accomplished the purpose of incorporating all primary and secondary educational functions under the Office of Public Instruction (OPI) and combining all post-secondary functions under the Board of Regents.

Language in HB 2 requires that the Board of Regents will contract with the Office of Public Instruction to provide services to secondary school vo tech programs. The Board of Regents will become the sole state agent for the receipt of federal Carl Perkins vocational education funds.

This legislation resulted in the reduction of 5.0 FTE which were transferred to the Commissioner of Higher Education. The legislature also deleted a 0.2 FTE position which was vacant, and a program specialist which was never filled in FY86.

Equipment includes two personal computers in each fiscal year. Non-operating expenses reflect indirect cost transfers to the indirect cost pool to support administrative functions.

This program receives federal funds from the Carl Perkins Act totalling \$179,924 in FY88 and \$179,939 in FY89. Also, federal job training funds total \$41,140 in FY88 and \$41,106 in FY89. Finally, adult basic education funds are budgeted at \$53,000 per year.

ADMINISTRATIVE SERVICES Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	48,30	50,05	47,30	47,30
Personal Services	1,259,887.54	1,299,705	1,303,617	1,302,316
Operating Expenses	581,053.28	624,493	511,994	478,045
Equipment	55,182.56	4,705	4,000	4,000
Transfers	106,327.09	120,952	102,131	102,131
Total Program Costs	\$2,002,450.47	\$2,049,855	\$1,921,742	\$1,886,492
General Fund	939,997.05	862,941	887,717	852,423
State Special Revenue Fund	425,272.71	493,326	416,266	416,149
Federal & Other Spec Rev Fund	637,180.71	693,588	617,759	617,920
Total Funding Costs	\$2,002,450.47	\$2,049,855	\$1,921,742	\$1,886,492
Current Level Services	1,984,781.06	2,049,855	1,921,742	1,886,492
Budget Amended Services	17,669.41	0	0	0
Total Service Costs	\$2,002,450.47	\$2,049,855	\$1,921,742	\$1,886,492

Program Description

The Administrative Services Program staff administer the planning, development, implementation, and evaluation of the Office of Public Instruction programs. This area manages the entire data information system for the office.

The staff also administers and provides consulting service in the areas of equalization aid, transportation, federal impact funding, school food services, legal services, budgeting and accounting. They also allocate and distribute the state equalization aid money and pupil transportation reimbursement.

Issues Addressed/Legislative Intent

This budget reflects a decrease from the FY86 level due to several factors. First, a 1.0 FTE clerk was deleted to absorb the unfunded pay plan. Second, the legislature deleted the operating expenses attributable to the foundation program lawsuit totalling \$59,275 in each year. Although these expenses were deleted, the superintendent was directed to pursue the lawsuit for the state, and request supplemental funding in 1989 if necessary. Finally, audit expenses were increased from approximately \$22,000 in FY86 to \$36,000 in FY88.

Equipment approved includes a personal computer in each year to be used for the school foods program.

The non-operating expenses represent the administrative costs attributable to the school foods program.

Funding for this division comes from general funds, federal school lunch funds, school lunch reimbursements from private schools, federal administrative funds from chapter II and funds from indirect costs assessed against all federal and state special funds used in the superintendent's office.

The indirect cost pool program provides administrative support such as accounting and personnel services. This effort is funded from an assessment of 21% in FY88 and 23% in FY89 against all state special and federal funding sources used by the superintendent's office. The remainder of this program's funding comes from the general fund. The following table shows the sources of funding approved by the 49th Legislature to support the indirect cost pool functions.

Table I
Charges Against Federal and State Special Revenue
Accounts
Fiscal Years 1988 - 1989

<u>Program/Funding</u> <u>Source Assessment</u>	<u>FY88</u> <u>Indirect</u> <u>Costs</u>	<u>FY89</u> <u>Indirect Costs</u>
Publications		
Chief State School Officer	\$ 0	\$ 0
Basic Skills		
Film Library	\$10,125	\$10,125
Federal Grants	0	0
Traffic Education	16,102	16,102
Johnson-O'Malley	2,100	2,100
Veterans' Education	6,086	6,086
Drivers' Education	0	0
Vocational Education		
Carl F. Perkins	\$29,654	\$29,656
JTPA	7,354	7,354
Adult Basic Education	9,198	9,025
Administrative Services		
Chapter II	\$52,066	\$52,086
Total School Foods	50,065	50,065
Computer Search	0	0
Indirect Costs	0	0
Special Services		
Chapter II	\$32,107	\$32,107
EHA-B	65,446	65,446
Deaf/Blind	11,169	11,177
Sex Desegregation	14,106	14,101
Chapter I	53,368	53,358
Diffusion, Bilingual,	26,000	26,000
Origins		
Drugs and Alcohol	2,320	2,320
AIDS	0	0
TOTAL ALL PROGRAMS	\$387,266	\$387,108

SPECIAL SERVICES Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	27.85	27.10	27.85	27.85
Personal Services	748,320.12	781,357	813,795	813,234
Operating Expenses	323,671.68	407,534	734,807	734,859
Equipment	5,546.51	20,397	21,374	21,378
Transfers	195,168.60	226,865	204,516	204,509
Total Program Costs	\$1,272,706.91	\$1,436,153	\$1,774,492	\$1,773,980
General Fund	131,079.02	141,314	441,688	441,588
Federal & Other Spec Rev Fund	1,141,627.89	1,294,839	1,332,804	1,332,392
Total Funding Costs	\$1,272,706.91	\$1,436,153	\$1,774,492	\$1,773,980
Current Level Services	1,272,706.91	1,436,153	1,774,492	1,773,980
Total Service Costs	\$1,272,706.91	\$1,436,153	\$1,774,492	\$1,773,980

Program Description

The function of the Special Services Program is to administer all federal grants except Vocational Education, School Food Services, Veteran's Education and Adult Education. The largest programs are Education for the Handicapped and Chapter I Chapter II of the Education Consolidation and Improvement Act of 1981, which provide financial assistance to states and local education agencies. Also included in this division are Gifted and Talented, National Origins, Sex Desegregation, Title IX Compliance, Bilingual Education and National Diffusion Network Desegregation. The division staff provide assistance to local districts in these program areas.

The 49th Legislature transferred the Hearing Conservation Program from the School for Deaf and Blind to this program.

Issues Addressed/Legislative Intent

The primary change in this division was that the audiology program which had been supervised by the School For Deaf and Blind was transferred to the Special Services Division. This transfer moves the audiology program from the supervision of the Board of Public Education to the Office of Public Instruction. The legislature funded the program as was requested by the Office of Public Instruction which resulted in a decrease from the 1987 level of \$500,000 per

year to \$310,000 per year. The program will be supported by a full-time administrator. Clerical assistance, travel and administrative costs are budgeted at \$38,200 per year.

The audiology program will change under the scenario approved by the legislature. The primary difference will be a shift in responsibility for the actual screening from the audiology program to the local school district. It was anticipated that the local school nurse and the county nurse will assist an audiologist with screenings using equipment provided by the audiology program. Funding history of the audiology program is shown below.

Table 2
Audiology Program Funding
Fiscal 1985-1989

Year	FTE	Actual Expenditures/ Funding Level
FY 1985	0	\$739,237
FY 1986	0	\$671,574
FY 1987	1.0	\$501,797
FY 1988	1.0	\$310,200
FY 1989	1.0	\$310,200

DISTRIBUTION TO PUBLIC SCHOOLS Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	355,884.04	352,560	0	0
Local Assistance	205,909,897.01	33,669,498	33,609,838	33,519,838
Grants	3,913,930.71	3,964,879	3,825,000	3,825,000
Transfers	11,742,938.90	26,800,248	0	10,707,142
Total Program Costs	\$221,922,650.66	\$64,787,185	\$37,434,838	\$48,051,980
General Fund	44,473,783.47	58,682,563	34,762,315	45,503,279
State Special Revenue Fund	173,959,817.43	2,139,743	147,523	113,701
Federal & Other Spec Rev Fund	3,489,049.76	3,964,879	2,525,000	2,435,000
Total Funding Costs	\$221,922,650.66	\$64,787,185	\$37,434,838	\$48,051,980
Current Level Services	221,922,650.66	64,787,185	37,434,838	48,051,980
Total Service Costs	\$221,922,650.66	\$64,787,185	\$37,434,838	\$48,051,980

Program Description

The Distribution to Public Schools Program is used by the Office of Public Instruction to distribute various funds to local education agencies. The "pass-through" funds contained in this budget include the state's share of public school support, special education, transportation, school lunch, adult basic education, gifted and talented, secondary vocational education, and traffic safety funds.

Issues Addressed/Legislative Intent

The Distribution Program provides a method for the Office of Public Instruction to transfer funds to public schools throughout the state. This program is summarized by type and category of expenditure and how each expenditure is funded in the following tables.

OFFICE OF PUBLIC INSTRUCTION

Table 3
Office of Public Instruction
Distribution Program
Fiscal Year 1988

Expenditure Category	Amount	Fund Type		
		Gen Fund	State Special	Federal
2000 Operating Expenses	<u>\$355,328</u>	<u>\$355,328</u>		
5000 Local Assistance:				
School Lunch	\$594,751	\$594,751		
Transportation	\$6,200,918	\$6,200,918		
Special Ed Contingency	\$400,000	\$400,000		
Gifted and Talented	\$95,000	\$95,000		
Special Ed	\$27,361,646	\$27,361,646		
State Impact payments	\$5,000	\$5,000		
Adult Basic Ed	\$147,523		\$147,523	
Traffic Safety	\$1,100,000		\$1,100,000	
Local Asst. Subtotal	<u>\$35,904,838</u>	<u>\$34,657,315</u>	<u>\$1,247,523</u>	
6000 Grants				
Federal Pass Through (Carl Perkins, JTPA, EHA, Spec Ed)	\$2,525,000			\$2,525,000
Lottery Funds for teachers ret	\$7,463,225		\$7,463,225	
Grants Subtotal	<u>\$9,988,225</u>		<u>\$7,463,225</u>	<u>\$2,525,000</u>
8000 Transfers				
Foundation Program (statutorily appropriated)	\$188,846,000		\$188,846,000	
Transfers subtotal			<u>\$188,846,000</u>	
Totals	<u>\$235,094,391</u>	<u>\$35,012,643</u>	<u>\$197,556,748</u>	<u>\$2,525,000</u>

Table 4
Office of Public Instruction
Distribution Program
Fiscal Years 1988-1989

Expenditure Category	Amount	Fund Type		
		Gen Fund	State Special	Federal
2000 Operating Expenses	<u>\$355,328</u>	<u>\$355,328</u>		
5000 Local Assistance:				
School Lunch	\$594,751	\$594,751		
Transportation	\$6,200,918	\$6,200,918		
Special Ed Contingency	\$400,000	\$400,000		
Gifted and Talented	\$95,000	\$95,000		
Special Ed	\$27,361,646	\$27,361,646		
State Impact payments	\$5,000	\$5,000		
Adult Basic Ed	\$147,523	\$33,822	\$113,701	
Traffic Safety	\$1,100,000		\$1,100,000	
Local Asst. Subtotal	<u>\$35,904,838</u>	<u>\$34,691,137</u>	<u>\$1,213,701</u>	
6000 Grants				
Federal Pass Through (Carl Perkins, JTPA, EHA, Spec Ed)	\$2,435,000			\$2,435,000
Lottery Funds for teachers ret	\$9,120,500		\$9,120,500	
Grants Subtotal	<u>\$11,555,500</u>		<u>\$9,120,500</u>	<u>\$2,435,000</u>
8000 Transfers				
Foundation Program (statutorily appropriated)	\$193,410,142	\$10,707,142	\$182,703,000	
Transfers subtotal	<u>\$193,410,142</u>	<u>\$10,707,142</u>	<u>\$182,703,000</u>	<u>\$0</u>
Totals	<u>\$241,225,808</u>	<u>\$45,753,607</u>	<u>\$193,037,201</u>	<u>\$2,435,000</u>

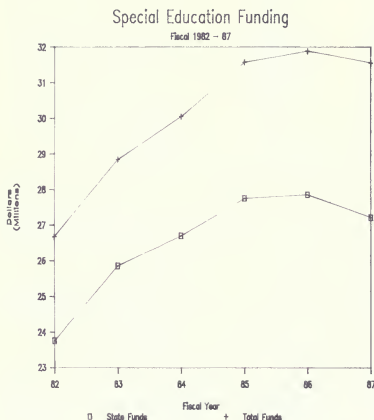
Operating expenses primarily reflect the cost of the school lunch program and the associated freezer costs.

The \$400,000 per year general fund subsidy for the secondary vocational education program was eliminated in the FY88-89 Biennium.

School transportation was funded at the FY86 statutory level. The legislature anticipates that the state's statutory responsibility will be fully funded at this level.

The special education program's budget was held at the FY86 level. Special education contingency funding was increased above the FY86 level of \$400,000 per year to \$500,000 per year. These funds are used to deliver unanticipated services to children who are not provided for in the regular special education budget.

The following graph and table present funding levels for special education since FY82.



Special Education Funding

Fiscal Year	State Funding	Total Funds	# of children
82	\$23,754,921	\$26,673,921	13,906
83	\$25,847,864	\$28,840,350	14,871
84	\$26,697,622	\$30,048,929	15,132
85	\$27,749,629	\$31,576,293	15,377
86	\$27,843,564	\$31,883,150	14,859
87	\$27,206,413	\$31,553,092	14,765

The gifted and talented program remained at the FY86 level of \$95,000 per year.

State impact payments were reduced to the requested \$5,000 per year. These are payments to school districts in which the state has institutions, and are similar to payments in lieu of taxes.

Adult basic education remained at the FY86 level of \$147,523. This was usually funded from interest derived from the educational trust fund. Because a portion of this fund was transferred to the general fund, the anticipated interest earnings will decline. In FY89, the general fund assumes a portion of the lost interest earnings to maintain the program at the FY86 level.

Federal grants passed through to local school districts decrease when compared to the FY86 level. This reduction occurs because \$2.3 million of federal authority is transferred to the Commissioner of Higher Education where the federal Carl Perkins vocational education funds will be received due to the passage of HB39. A more extensive discussion of the effects of HB39 can be found in the narratives for the Commissioner of Higher Education, and the narrative for the vocational technical centers.

The foundation program, which provides state support for a basic education in the K-12 system, is also included in this program. The foundation program funding schedules were held at FY87 levels. Even with no increase in the scheduled amount to be paid per average number belonging (ANB), the general fund cost of this appropriation increase from \$60 million in the 1986-87 biennium to \$93 million in the 1988-89 biennium. This increase is due to the reduction of other sources of income that are dedicated to funding the school foundation program.

For more information concerning the foundation program please refer to the introductory section of this report. Special narrative, coupled with relevant tables and graphs, give a brief overview of this important part of the state budget.

Issues Addressed/Legislative Intent

The legislature continued to use the formula implemented by the Legislative Finance Committee in 1983. However, to maintain the reductions made to vo-tech center budgets in FY86 and FY87, the legislature funded the centers at 95% of the formula amounts. No vacancy savings rate was applied to any personal services costs in the vo-tech centers.

The formula derives funding for each vo-tech center on the basis of projected enrollment. The formula results in a given dollar amount per full-time student for Instruction program personal services and operating expenses. The formula does not dictate how many instruction FTE will be funded — this decision is left up to the individual center.

The application of the vo-tech funding formula at the 95% level resulted in funding of \$1,979.80 per student FTE for instruction.

Equipment costs are also reflected in the instruction component of the budget. The legislature established the rate for variable (costing less than \$1,000) equipment at 95% of the level appropriated in FY87. The amount budgeted in FY88 and FY89 totalled \$32 per student FTE. Capital equipment was funded at 95% of the FY87 level for a total of \$29,783 per center.

The Support program portion of the budget provides for administrative, clerical and student support staff, such as counselors and librarians. The funding formula derives a level of staffing that will be supported by the state based on projected enrollment and the ratios of specific types of support staff to the projected enrollment for the center. The table below shows the ratios of students to support staff type that was used by the legislature.

Table 1
Support Staff Standards For Vocational Technical Centers
1988-89 Biennium

<u>Support Staff</u>	<u>Approved Ratio (Staff: Students)</u>	<u>State Funded Compensation</u>
Administrative:		
Director	1 per center	\$54,094
Asst. Director	1 per center	\$54,086
Support:		
Business Mgr	1 per center	\$45,743
Counselor	1: 300 Full time students	\$34,228
Librarian	1 per center	\$23,407
Custodian	1 Head custodian per center	\$21,347
	1 custodian/35,000 gross square feet	
Clerical:		
Admin. Secretary	1 per center	\$18,324
Secretary	1: 3 Admin Support Staff	\$15,996
	1: 5 Support Staff	
	(including custodians)	\$15,996
	1: 10 Instruction Staff	\$15,996

The support staff funded by the legislature is dependent on the estimated enrollment. The following table shows what positions were funded at each center, how many FTE were

funded in each position, and the state funded compensation levels for the 1989 biennium.

Table 2
State Supported Staffing Pattern And Compensation
1988-89 Biennium

Position Title	Billings	Butte	Great Falls	Helena	Missoula
Director	1.0 \$54,094	1.0 \$54,094	1.0 \$54,094	1.0 \$54,094	1.0 \$54,094
Asst. Director	1.0 \$54,086	1.0 \$54,086	1.0 \$54,086	1.0 \$54,086	1.0 \$54,086
Business Mgr.	1.0 \$45,743	1.0 \$45,743	1.0 \$45,743	1.0 \$45,743	1.0 \$45,743
Counselor	1.63 \$55,792	1.35 \$46,208	1.39 \$47,577	2.19 \$74,959	1.95 \$66,745
Librarian	1.0 \$23,407	1.0 \$23,407	1.0 \$23,407	1.0 \$23,407	1.0 \$23,407
Admin Sec.	1.0 \$18,324	1.0 \$18,324	1.0 \$18,324	1.0 \$18,324	1.0 \$18,324
Clerical Support Administrative	0.67 \$10,717	0.67 \$10,717	0.67 \$10,717	0.67 \$10,717	0.67 \$10,717
Support	1.61 \$25,754	1.40 \$22,394	1.55 \$24,794	1.68 \$26,874	1.82 \$29,113
Instructional	3.32 \$53,107	2.28 \$36,470	3.38 \$54,067	3.68 \$58,865	4.24 \$67,823
Total Funded Support FTE	12.23	10.70	11.99	13.22	13.68
Total Approved Compensation Funded @ 95%	\$323,973	\$295,873	\$316,168	\$348,706*	\$351,549

* Underfunded by \$10 error in HB2.

Operating expenses for the Support program are derived by multiplying the total funded employee FTE times a support rate — \$5,350 in FY88 and \$5,353 in FY89.

The vo-tech funding formula establishes a funding level for the personal services portion of the Plant program budgets in the vo-tech centers. The funding level depends on the size of the facility measured in gross square feet. All of the centers remained within existing facilities, so the approved FTE level for each center remained at the 1986 level. The average salary level approved by the legislature was adjusted to reflect the pay plan increase in FY87 — \$21,347. The following table shows the approved FTE level at each center and the approved level of personal services at 95% of average compensation.

Table 3
Approved Personal Services Expenditures For Plant Budgets
1988-89 Biennium

	Billings	Butte	Great Falls	Helena	Missoula
Approved FTE	4.50	3.75	4.50	4.25	5.25
Approved Personal Services @ 95%	\$91,258	\$76,048	\$91,250	\$86,189	\$106,468

The plant operating expenses were held constant at the FY86 base level. Increases were included only for anticipated inflationary increases in utility costs.

Enrollment Projections

The legislature projected the enrollment of each of the vo-tech centers by averaging the full year FTE student enrollment for the past three years. Enrollment for the Butte Center was averaged using the past two years to allow for adjustment to the new facility there. Use of this method did

not take into account that enrollments for the Missoula and Helena Centers dropped substantially in the Fall and Winter quarters of 1987 because FY87 enrollments were not used in enrollment projections by the legislature. The table below

displays the enrollments for each center from FY85 through FY89. The FY87 enrollment is shown at both the projected level and the level that was funded by the 48th Legislature.

Table 4
Vo-Tech Enrollment
FY85 - FY89

Center	1985	1986 <u>Funded</u>	1986 <u>Act.</u>	1987 <u>Funded</u>	1987 <u>Proj.</u>	1988 <u>Funded</u>	1989 <u>Funded</u>
Billings	497	511	489	511	421	490	490
Butte	403	415	406	415	371	405	405
Great Falls	408	423	391	423	418	416	416
Helena	665	660	647	660	588	658	658
Missoula	575	596	577	596	509	586	586
Total	2,548	2,605	2,510	2,605	2,307	2,555	2,555

As can be seen in Table 4, the centers' funded enrollment exceeded actual enrollment by 95 students in FY86, or approximately \$318,000 in excess funding for the system. Projections for FY87 indicate that the centers will again receive funding in excess of enrollment. This results in excess funding of approximately \$96,368. Actual 1986 and projected enrollments indicate that the trend is for a system-wide decrease in enrollment, especially when 1987 enrollments are considered.

Use of Federal Funds

Another major issue in the vo-tech center budgets was the use and availability of federal Carl Perkins funds. The legislature maintained the use of federal funds in both FY88 and FY89 at the \$807,474 that had been appropriated in FY87. The purpose of these funds was to require that new programs be initiated to adjust the curriculum to the changing

needs of the local labor market. The legislature anticipated that the centers would adjust the curriculum at each center to allow for the use of these federal funds.

Funding

Funding Levels for instruction, support, and plant budgets are shown below. Also shown are the revenue sources that will make up the budgets for the centers. The revenue sources include interest earnings from the education trust fund, tuition, federal Carl Perkins funds, and the remainder from the general fund. Legislative action reduced the balance in the educational trust fund. The result is that interest earnings also decline. Tuition was increased from \$198 in FY86 to \$225 in FY88 and to \$235 in FY89. This increase resulted from a comparison with other states which indicated that Montana was substantially lower in tuition costs.

Table 5
Vo Tech Center Funding

Fiscal Year 1988	Billings	Butte	Gr. Falls	Helena	Missoula	1988 Total
Millage	\$332,403	\$55,682	\$137,798	\$103,392	\$171,016	\$800,291
Tuition	\$330,750	\$273,375	\$280,800	\$444,150	\$395,550	\$1,724,625
Coal Tax	\$31,302	\$25,031	\$24,241	\$40,673	\$35,191	\$156,438
Federal	\$128,910	\$121,613	\$122,221	\$107,743	\$326,987	\$807,474
Gen Fund	\$864,250	\$903,090	\$879,733	\$1,404,974	\$1,007,194	\$5,059,241
Total Fund	\$1,687,615	\$1,378,791	\$1,444,793	\$2,100,932	\$1,935,938	\$8,548,069
Fiscal Year 1989	Billings	Butte	Gr. Falls	Helena	Missoula	1989 Total
Millage	\$337,551	\$56,240	\$138,264	\$104,425	\$171,814	\$808,294
Tuition	\$345,450	\$285,525	\$293,280	\$463,890	\$413,130	\$1,801,275
Coal Tax	0	0	0	0	0	0
Federal	\$164,859	\$137,995	\$141,471	\$217,953	\$145,196	\$807,474
Gen Fund	\$829,216	\$885,143	\$860,196	\$1,303,744	\$1,199,643	\$5,077,942
Total Fund	\$1,677,076	\$1,364,904	\$1,433,211	\$2,090,012	\$1,929,783	\$8,494,986

Table 6 and the graph that follows it show vo-tech funding sources for FY80 through FY87. They include the voted county levy, which is not line-item appropriated in the gen-

eral appropriations act, but which is appropriated through language in that bill. The mandatory mill level is indicated under the column "mill levy", or "mill" in the graph.

Table 6
Vo-tech Funding Sources
FY80 - FY87

Fiscal Year	Voted Levy	State Share	Tuition Revenues	Local Mill Levy	Federal Funds	Total Budget
1980	\$63,022	\$3,593,896	\$629,234	\$650,497	\$1,113,328	\$6,049,977
1981	\$71,210	\$3,797,131	\$629,234	\$801,510	\$1,113,328	\$6,412,413
1982	\$406,220	\$4,371,877	\$782,723	\$765,101	\$1,200,000	\$7,525,921
1983	\$543,094	\$5,250,455	\$1,174,078	\$804,733	\$843,682	\$8,616,042
1984	\$847,544	\$5,179,351	\$1,310,760	\$823,751	\$1,178,657	\$9,340,063
1985	\$1,187,109	\$5,281,424	\$1,503,900	\$842,220	\$1,178,657	\$9,993,310
1986	\$1,589,423	\$5,689,331	\$1,469,220	\$855,233	\$802,337	\$10,405,544
1987	\$1,820,316	\$5,831,278	\$1,544,765	\$1,232,482	\$807,474	\$11,236,315

Governance of the Vo-Tech System

HB39 transferred the governance of the vo-tech system from the Office of the Superintendent of Public Instruction(OSPI) to the Board of Regents. The purpose of the action is to bring all postsecondary educational facilities under a single board for better coordination of higher education in Montana. HB39 provides that secondary vo-tech activities remain as boardcontracted services in OSPI.

Language in HB2

Several items were addressed through language in the general appropriations act, HB2.

Ten percent of the audit costs for Butte, Billings, and Great Falls are to be paid from non-appropriated funds. At the Helena and Missoula centers, 15% of the audit costs are to come from non-appropriated sources.

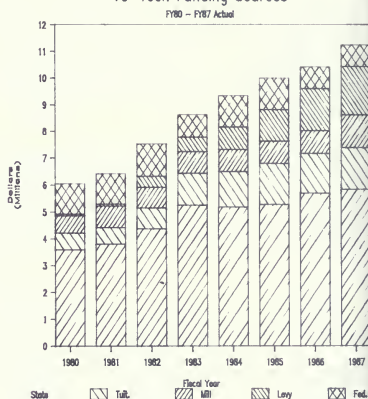
Federal funds can be budget amended if the center can provide the match from funds other than those appropriated in HB2. This language was inserted to allow centers to add federal spending authority for additional equipment, training and programs.

Language that was used in the past allows the Commissioner of Higher Education to transfer the mandatory one and one-half mill collections among centers. If the total received by the centers through the mill levy exceeds \$800,291 in FY88 or \$808,294 in FY89, the excess will be reverted to the general fund.

To maximize use of federal funds, language is included that requires that current unrestricted funding for Instruction program equipment must come from federal funds. This represents 50% of each center's equipment appropriation.

All funds generated from the local district voted levy were appropriated in language because the amounts that will be available are unknown at the time of the legislative session.

Vo-Tech Funding Sources



Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	49.69	49.69	51.68	51.68
Personal Services	1,549,418.07	1,332,752	1,274,544	1,274,544
Operating Expenses	377,670.21	368,326	367,461	356,922
Equipment	73,643.82	35,915	45,610	45,610
Total Agency Costs	\$2,000,732.10	\$1,736,993	\$1,687,615	\$1,677,076
Current Unrestricted Fund	2,000,732.10	1,736,993	1,687,615	1,677,076
Total Funding Costs	\$2,000,732.10	\$1,736,993	\$1,687,615	\$1,677,076
Current Level Services	2,000,732.10	1,736,993	1,687,615	1,677,076
Total Service Costs	\$2,000,732.10	\$1,736,993	\$1,687,615	\$1,677,076

Agency Description

The Billings Vocational Technical Center's primary objectives are to prepare postsecondary students for employment

and to provide trained workers for employment opportunities. The Billings Center staff provide vocational-technical training in agricultural, business, health, home economics, office, technical, and trade/industrial occupations.

INSTRUCTION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	32.90	32.90	34.95	34.95
Personal Services	966,048.64	915,739	859,313	859,313
Operating Expenses	97,532.53	114,188	110,788	110,788
Equipment	73,643.82	35,915	45,610	45,610
Total Program Costs	\$1,137,224.99	\$1,065,842	\$1,015,711	\$1,015,711
Current Unrestricted Fund	1,137,224.99	1,065,842	1,015,711	1,015,711
Total Funding Costs	\$1,137,224.99	\$1,065,842	\$1,015,711	\$1,015,711
Current Level Services	1,137,224.99	1,065,842	1,015,711	1,015,711
Total Service Costs	\$1,137,224.99	\$1,065,842	\$1,015,711	\$1,015,711

Program Description

The Instruction Program of the Billings Vocational Technical Center includes all expenditures for personal services, operating expenses, and equipment for all activities that are part of the institution's instruction program which includes related occupational and vocational-technical instruction.

Issues Addressed/Legislative Intent

The Instruction program at the Billings Vo-Tech Center represents 95% of the enrollment-driven formula amount using budgeted enrollment of 490 student FTE per year.

Personal services costs were derived using \$1,753.70 per student FTE. No vacancy savings rate was applied to personal services. The formula does not indicate the number of instructional staff funded. The operating expense portion of the program was derived using \$226.10 per FTE student. The instructional equipment portion of the program was derived using 95% of the level appropriated in FY87. The rate is \$32 per FTE student for "variable" equipment (costing less than \$1,000 per item) and \$29,783 per center for capital equipment (more than \$1,000 per item). One-half of the equipment expenditure is funded by general fund, one-half with federal funds.

PLANT OPERATION & MAINTENANCE Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	4.50	4.50	4.50	4.50
Personal Services	75,568.05	91,175	91,258	91,258
Operating Expenses	175,139.12	197,977	175,181	183,940
Total Program Costs	\$250,707.17	\$289,152	\$266,439	\$275,198
Current Unrestricted Fund	250,707.17	289,152	266,439	275,198
Total Funding Costs	\$250,707.17	\$289,152	\$266,439	\$275,198
Current Level Services	250,707.17	289,152	266,439	275,198
Total Service Costs	\$250,707.17	\$289,152	\$266,439	\$275,198

Program Description

The Plant Operations and Maintenance Program of the Billings Vocational Technical Center includes expenditures of current operating funds for the operation and maintenance of physical plant. It includes all expenditures for operations established to provide services and maintenance related to the grounds and typically includes facilities, utilities, fire protection, property insurance and janitorial services.

Issues Addressed/Legislative Intent

The personal services portion of the Plant program is determined on the basis of a staffing standard per gross square

feet of facility space. Because the Billings facility remained unchanged from FY86 base level, the staffing pattern remains the same as in the 1986-87 biennium. The average compensation amount applied to the approved staffing level was inflated by the full percent of the pay plan in the 1986-87 biennium — including the unfunded portion in FY87 — and then was discounted to 95%. This results in an average compensation of \$21,347 discounted to \$20,279.65. Plant operating expenses were held constant at the base year FY86 level adjusted for inflation of utility costs.

GAAP ADJUSTMENTS Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Personal Services	114,670.10	0	0	0
Total Program Costs	\$114,670.10	\$0	\$0	\$0
Current Unrestricted Fund	114,670.10	0	0	0
Total Funding Costs	\$114,670.10	\$0	\$0	\$0
Current Level Services	114,670.10	0	0	0
Total Service Costs	\$114,670.10	\$0	\$0	\$0

SUPPORT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	12.29	12.29	12.23	12.23
Personal Services	393,131.28	325,838	323,973	323,973
Operating Expenses	104,998.56	56,161	81,492	62,194
Total Program Costs	\$498,129.84	\$381,999	\$405,465	\$386,167
Current Unrestricted Fund	498,129.84	381,999	405,465	386,167
Total Funding Costs	\$498,129.84	\$381,999	\$405,465	\$386,167
Current Level Services	498,129.84	381,999	405,465	386,167
Total Service Costs	\$498,129.84	\$381,999	\$405,465	\$386,167

Program Description

The Support Program of the Billings Vocational Technical Center provides support services for the institution's primary objectives to include library materials, services that directly assist the academic functions, audio-visual services, administration, personnel development and support for course and curriculum development.

Issues Addressed/Legislative Intent

Support program staffing for the Billings Vo-Tech Center is based on budgeted student FTE enrollment and the ratios of

specific types of designated support staff to those enrollments. This results in a total funded support staff of 12.23 FTE employees with funded compensation of \$322,973 — which represents 95% of the total approved compensation levels for the designated support staff. No vacancy savings was applied. Operating expenditure level is derived by multiplying the authorized employee FTE by \$5,350 in FY88 and by \$5,353 in FY89. Audit costs of \$21,481 are authorized for the biennium, of which 10% is to be paid from funds other than those line-item appropriated in HB2.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	35.73	35.73	37.03	37.03
Personal Services	1,296,375.03	1,087,948	1,082,170	1,082,170
Operating Expenses	272,355.83	246,124	253,757	239,869
Equipment	14,110.00	14,940	42,864	42,864
Total Agency Costs	\$1,582,840.86	\$1,349,012	\$1,378,791	\$1,364,903
Current Unrestricted Fund	1,582,840.86	1,349,012	1,378,791	1,364,903
Total Funding Costs	\$1,582,840.86	\$1,349,012	\$1,378,791	\$1,364,903
Current Level Services	1,582,840.86	1,349,012	1,378,791	1,364,903
Total Service Costs	\$1,582,840.86	\$1,349,012	\$1,378,791	\$1,364,903

Agency Description

The Butte Postsecondary Vocational Technical Center's primary objectives are to prepare students for employment and

to provide trained workers for Montana's employers. The Butte Vo-Tech staff provide vocational training in business, health, office, technical, and trade/industrial occupations.

INSTRUCTION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	21.64	21.64	22.58	22.58
Personal Services	765,980.78	698,756	710,249	710,249
Operating Expenses	99,511.31	102,920	91,571	91,571
Equipment	14,110.00	14,940	42,864	42,864
Total Program Costs	\$879,602.09	\$816,616	\$844,684	\$844,684
Current Unrestricted Fund	879,602.09	816,616	844,684	844,684
Total Funding Costs	\$879,602.09	\$816,616	\$844,684	\$844,684
Current Level Services	879,602.09	816,616	844,684	844,684
Total Service Costs	\$879,602.09	\$816,616	\$844,684	\$844,684

Program Description

The Instruction Program of the Butte Vocational Technical Center includes all expenditures for personal services, operating expenses, and equipment for all activities that are part of the institution's instructional program which includes related occupational, and vocational instruction.

Issues Addressed/Legislative Intent

The Instruction program at the Butte Vo-Tech Center represents 95% of the enrollment-driven formula amount using budgeted enrollment of 405 student FTE per year. Personal

services costs were derived using \$1,753.70 per student FTE. No vacancy savings rate was applied to personal services. The formula does not indicate the number of instructional staff funded. The operating expense portion of the program was derived using \$226.10 per FTE student. The instructional equipment portion of the program was derived using 95% of the level appropriated in FY87. The rate is \$32 per FTE student for "variable" equipment (costing less than \$1,000 per item) and \$29,783 per center for capital equipment (more than \$1,000 per item). One-half of the equipment is funded by general fund, one-half with federal funds.

PLANT OPERATION & MAINTENANCE Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	3.75	3.75	3.75	3.75
Personal Services	110,419.84	75,979	76,048	76,048
Operating Expenses	99,197.65	94,624	88,471	93,886
Total Program Costs	\$209,617.49	\$170,603	\$164,519	\$169,934
Current Unrestricted Fund	209,617.49	170,603	164,519	169,934
Total Funding Costs	\$209,617.49	\$170,603	\$164,519	\$169,934
Current Level Services	209,617.49	170,603	164,519	169,934
Total Service Costs	\$209,617.49	\$170,603	\$164,519	\$169,934

Program Description

The Plant Operations and Maintenance Program of the Butte Vocational Technical Center includes expenditures of current operating funds for the operation and maintenance of physical plant. It includes all expenditures for operations established to provide services and maintenance related to the grounds and typically includes facilities, utilities, fire protection, property insurance, and janitorial services.

Issues Addressed/Legislative Intent

The personal services portion of the Plant program is determined on the basis of a staffing standard per gross square

feet of facility space. Because the Butte facility remained unchanged from the FY86 base level, the staffing pattern remains the same as in the 1986-87 biennium. The average compensation amount applied to the approved staffing level was inflated by the full percent of the pay plan in the 1986-87 biennium — including the unfunded portion in FY87 — and then was discounted to 95%. This results in an average compensation of \$21,347 discounted to \$20,279.65. Plant operating expenses were held constant at the base year FY86 level adjusted for inflation of utility costs.

GAAP ADJUSTMENTS Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Personal Services	6,558.92	0	0	0
Total Program Costs	\$6,558.92	\$0	\$0	\$0
Current Unrestricted Fund	6,558.92	0	0	0
Total Funding Costs	\$6,558.92	\$0	\$0	\$0
Current Level Services	6,558.92	0	0	0
Total Service Costs	\$6,558.92	\$0	\$0	\$0

SUPPORT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	10.34	10.34	10.70	10.70
Personal Services	413,415.49	313,213	295,873	295,873
Operating Expenses	73,646.87	48,580	73,715	54,412
Total Program Costs	\$487,062.36	\$361,793	\$369,588	\$350,285
Current Unrestricted Fund	487,062.36	361,793	369,588	350,285
Total Funding Costs	\$487,062.36	\$361,793	\$369,588	\$350,285
Current Level Services	487,062.36	361,793	369,588	350,285
Total Service Costs	\$487,062.36	\$361,793	\$369,588	\$350,285

Program Description

The Support Program of the Butte Vocational Technical Center provides support services for the institution's primary objectives to include library materials, services that directly assist the academic functions, audio-visual services, administration and personnel development, and support for course and curriculum development.

Issues Addressed/Legislative Intent

Support program staffing for the Butte Vo-Tech Center is based on budgeted student FTE enrollment and the ratios of

specific types of designated support staff to those enrollments. This results in a total funded support staff of 10.70 FTE employees with funded compensation of \$295,873 — which represents 95% of the total approved compensation levels for the designated support staff. No vacancy savings rate was applied. Operating expenditure level is derived by multiplying the authorized employee FTE by \$5,350 in FY88 and by \$5,353 in FY89. Audit costs of \$21,481 are authorized for the biennium, of which 10% is to be paid from funds other than those line-itemed in HB2.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	47.32	47.32	47.49	47.49
Personal Services	1,450,706.39	1,164,032	1,136,966	1,136,966
Operating Expenses	242,274.11	233,233	264,608	253,026
Equipment	45,365.60	48,153	43,219	43,219
Total Agency Costs	\$1,738,346.10	\$1,445,418	\$1,444,793	\$1,433,211
Current Unrestricted Fund	1,738,346.10	1,445,418	1,444,793	1,433,211
Total Funding Costs	\$1,738,346.10	\$1,445,418	\$1,444,793	\$1,433,211
Current Level Services	1,738,346.10	1,445,418	1,444,793	1,433,211
Total Service Costs	\$1,738,346.10	\$1,445,418	\$1,444,793	\$1,433,211

Agency Description

The Great Falls Vocational Technical Center's primary objectives are to prepare students for employment and to

provide trained workers for employment opportunities. The Great Falls Vo-Tech staff provide vocational training in business, health, home economics, office, technical, and trade/industrial occupations.

INSTRUCTION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	31.00	31.00	31.00	31.00
Personal Services	898,294.88	760,540	729,539	729,539
Operating Expenses	72,296.31	66,061	94,058	94,058
Equipment	45,365.60	48,153	43,219	43,219
Total Program Costs	\$1,015,956.79	\$874,754	\$866,816	\$866,816
Current Unrestricted Fund	1,015,956.79	874,754	866,816	866,816
Total Funding Costs	\$1,015,956.79	\$874,754	\$866,816	\$866,816
Current Level Services	1,015,956.79	874,754	866,816	866,816
Total Service Costs	\$1,015,956.79	\$874,754	\$866,816	\$866,816

Program Description

The Instruction Program of the Great Falls Vocational Technical Center includes all expenditures for personal services, operating expenses, and equipment for all activities that are part of the institution's instruction program which includes related occupational and vocational instruction.

Issues Addressed/Legislative Intent

The Instruction program at the Great Falls Vo-Tech Center represents 95% of the enrollment-driven formula amount using budgeted enrollment of 416 student FTE per year.

Personal services costs were derived using \$1,753.70 per student FTE. No vacancy savings rate was applied to personal services. The formula does not indicate the number of instructional staff funded. The operating expense portion of the program was derived using \$226.10 per FTE student. The instructional equipment portion of the program was determined using 95% of the level appropriated in FY87. The rate is \$32 per FTE student for "variable" equipment (costing less than \$1,000 per item) and \$29,783 per center for capital equipment (more than \$1,000 per item). One-half of the equipment is funded by general fund, one-half with federal funds.

PLANT OPERATION & MAINTENANCE Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	4.50	4.50	4.50	4.50
Personal Services	91,376.70	91,175	91,259	91,259
Operating Expenses	86,757.84	102,646	90,278	97,995
Total Program Costs	\$178,134.54	\$193,821	\$181,537	\$189,254
Current Unrestricted Fund	178,134.54	193,821	181,537	189,254
Total Funding Costs	\$178,134.54	\$193,821	\$181,537	\$189,254
Current Level Services	178,134.54	193,821	181,537	189,254
Total Service Costs	\$178,134.54	\$193,821	\$181,537	\$189,254

Program Description

The Plant Operations and Maintenance Program of the Great Falls Vocational Technical Center includes expenditures of current operating funds for the operation and maintenance of physical plant. It includes all expenditures for operations established to provide services and maintenance relating to the grounds and typically includes facilities, utilities, fire protection, property insurance and janitorial services.

Issues Addressed/Legislative Intent

The personal services portion of the Plant program is determined on the basis of a staffing standard per gross square

feet of facility space. Because the Great Falls facility remained unchanged from FY86 base level, the staffing pattern remains the same as in the 1986-87 biennium. The average compensation amount applied to the approved staffing level was inflated by the full percent of the pay plan in the 1986-87 biennium — including the unfunded portion in FY87 — and then was discounted to 95%. This results in an average compensation of \$21,347 discounted to \$20,279.65. Plant operating expenses were held constant at the base year FY86 level adjusted for inflation of utility costs.

GAAP ADJUSTMENTS Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Personal Services	59,249.76	0	0	0
Total Program Costs	\$59,249.76	\$0	\$0	\$0
Current Unrestricted Fund	59,249.76	0	0	0
Total Funding Costs	\$59,249.76	\$0	\$0	\$0
Current Level Services	59,249.76	0	0	0
Total Service Costs	\$59,249.76	\$0	\$0	\$0

SUPPORT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	11.82	11.82	11.99	11.99
Personal Services	401,785.05	312,317	316,168	316,168
Operating Expenses	83,219.96	64,526	80,272	60,973
Total Program Costs	\$485,005.01	\$376,843	\$396,440	\$377,141
Current Unrestricted Fund	485,005.01	376,843	396,440	377,141
Total Funding Costs	\$485,005.01	\$376,843	\$396,440	\$377,141
Current Level Services	485,005.01	376,843	396,440	377,141
Total Service Costs	\$485,005.01	\$376,843	\$396,440	\$377,141

Program Description

The Support Program of the Great Falls Vocational Technical Center provides support services for the institution's primary objectives to include library materials, services that directly assist the academic functions, audio-visual services, administration and personnel development, and support for course and curriculum development.

Issues Addressed/Legislative Intent

Support program staffing for the Great Falls Vo-Tech Center is based on budgeted student FTE enrollment and the

ratios of specific types of designated support staff to those enrollments. This results in a total funded support staff of 11.99 FTE employees with funded compensation of \$316,168 — which represents 95% of the total approved compensation levels per designated support staff. No vacancy savings rate was applied. Operating expenditure level was established by multiplying the authorized employee FTE by \$5,350 in FY88 and by \$5,353 in FY89. Audit costs of \$21,481 are authorized for the biennium, of which 10% is to be paid from funds other than those line-item appropriated in HB2.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	56.48	56.48	54.24	54.24
Personal Services	1,844,339.36	1,605,211	1,588,830	1,588,830
Operating Expenses	454,570.86	430,159	461,066	450,146
Equipment	87,019.15	56,685	51,036	51,036
Debt Service	3,952.60	0	0	0
Total Agency Costs	\$2,389,881.97	\$2,092,055	\$2,100,932	\$2,090,012
Current Unrestricted Fund	2,389,881.97	2,092,055	2,100,932	2,090,012
Total Funding Costs	\$2,389,881.97	\$2,092,055	\$2,100,932	\$2,090,012
Current Level Services	2,389,881.97	2,092,055	2,100,932	2,090,012
Total Service Costs	\$2,389,881.97	\$2,092,055	\$2,100,932	\$2,090,012

Agency Description

The Helena Vocational Technical Center's primary objectives are to prepare postsecondary students for employment

and to provide trained workers for employment opportunities. The Helena Vo Tech staff provide vocational training in agricultural, business, health, home economics, office, technical, and trade/industrial occupations.

INSTRUCTION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	39.07	39.07	36.77	36.77
Personal Services	1,250,435.80	1,141,320	1,153,935	1,153,935
Operating Expenses	122,893.04	147,048	148,773	148,773
Equipment	85,934.65	56,685	51,036	51,036
Total Program Costs	\$1,459,263.49	\$1,345,053	\$1,353,744	\$1,353,744
Current Unrestricted Fund	1,459,263.49	1,345,053	1,353,744	1,353,744
Total Funding Costs	\$1,459,263.49	\$1,345,053	\$1,353,744	\$1,353,744
Current Level Services	1,459,263.49	1,345,053	1,353,744	1,353,744
Total Service Costs	\$1,459,263.49	\$1,345,053	\$1,353,744	\$1,353,744

Program Description

The Instruction Program of the Helena Vocational Technical Center includes all expenditures for personal services, operating expenses and equipment for all activities that are part of the institution's instruction program which includes related occupational and vocational instruction.

Issues Addressed/Legislative Intent

The Instruction program at the Helena Vo-Tech Center represents 95% of the enrollment-driven formula amount using budgeted enrollment of 658 student FTE per year.

Personal services costs were derived using \$1,753.70 per student FTE. No vacancy savings rate was applied to personal services. The formula does not indicate the number of instructional staff funded. The operating expense portion of the program was derived using \$226.10 per FTE student. The instructional equipment portion of the program was determined using 95% of the level appropriated in FY87. The rate is \$32 per FTE student for "variable" equipment (costing less than \$1,000 per item) and \$29.783 per center for capital equipment (more than \$1,000 per item). One-half of the equipment is funded with general fund, one-half with federal funds.

PLANT OPERATION & MAINTENANCE Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	4.25	4.25	4.25	4.25
Personal Services	82,743.78	86,109	86,189	86,189
Operating Expenses	234,917.25	226,098	226,843	234,144
Equipment	434.50	0	0	0
Debt Service	3,952.60	0	0	0
Total Program Costs	\$322,048.13	\$312,207	\$313,032	\$320,333
Current Unrestricted Fund	322,048.13	312,207	313,032	320,333
Total Funding Costs	\$322,048.13	\$312,207	\$313,032	\$320,333
Current Level Services	322,048.13	312,207	313,032	320,333
Total Service Costs	\$322,048.13	\$312,207	\$313,032	\$320,333

Program Description

The Plant Operations and Maintenance Program of the Helena Vocational Technical Center includes all expenditures of current operating funds for the operation and maintenance of physical plant. It includes all expenditures for operations established to provide services and maintenance related to the grounds and typically includes facilities, utilities, fire protection, property insurance and janitorial services.

feet of facility space. Because the Helena facility remained unchanged from FY86 base level, the staffing pattern remains the same as in the 1986-87 biennium. The average compensation amount applied to the approved staffing level was inflated by the full percent of the pay plan in the 1986-87 biennium — including the unfunded portion in FY87 — and then was discounted to 95%. This results in an average compensation of \$21,347 discounted to \$20,279/65. Plant operating expenses were held constant at the base year FY86 level adjusted for inflation of utility costs.

Issues Addressed/Legislative Intent

The personal services portion of the Plant program is determined on the basis of a staffing standard per gross square

GAAP ADJUSTMENTS Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Personal Services	15,490.16	0	0	0
Total Program Costs	\$15,490.16	\$0	\$0	\$0
Current Unrestricted Fund	15,490.16	0	0	0
Total Funding Costs	\$15,490.16	\$0	\$0	\$0
Current Level Services	15,490.16	0	0	0
Total Service Costs	\$15,490.16	\$0	\$0	\$0

SUPPORT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	13.16	13.16	13.22	13.22
Personal Services	495,669.62	377,782	348,706	348,706
Operating Expenses	96,760.57	57,013	85,450	67,229
Equipment	650.00	0	0	0
Total Program Costs	\$593,080.19	\$434,795	\$434,156	\$415,935
Current Unrestricted Fund	593,080.19	434,795	434,156	415,935
Total Funding Costs	\$593,080.19	\$434,795	\$434,156	\$415,935
Current Level Services	593,080.19	434,795	434,156	415,935
Total Service Costs	\$593,080.19	\$434,795	\$434,156	\$415,935

Program Description

The Support Program of the Helena Vocational Technical Center provides support services for the institution's primary objectives to include library materials, services that directly assist the academic functions, audio-visual services, administration and personnel development and support for course and curriculum development.

Issues Addressed/Legislative Intent

Support program staffing for the Helena Vo-Tech Center is based on budgeted student FTE enrollment and the ratios of

specific types of designated support staff to those enrollments. This results in a total funded support staff of 13.22 FTE employees with funded compensation of \$348,706 — which represents \$10 less than 95% of the total approved compensation levels for the designated support staff. (The \$10 error is included in HB2.) No vacancy savings rate was applied. Operating expenditure level was established by multiplying the authorized employee FTE by \$5,350 in FY88 and by \$5,353 in FY89. Audit costs of \$21,481 are authorized for the biennium, of which 15% is to be paid from funds other than those line-item appropriated in HB2.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	62.12	62.12	59.13	59.13
Personal Services	2,122,907.68	1,486,596	1,485,685	1,485,685
Operating Expenses	429,780.63	430,412	401,543	395,388
Equipment	51,614.00	54,381	48,710	48,710
Total Agency Costs	\$2,604,302.31	\$1,971,389	\$1,935,938	\$1,929,783
Current Unrestricted Fund	2,604,302.31	1,971,389	1,935,938	1,929,783
Total Funding Costs	\$2,604,302.31	\$1,971,389	\$1,935,938	\$1,929,783
Current Level Services	2,604,302.31	1,971,389	1,935,938	1,929,783
Total Service Costs	\$2,604,302.31	\$1,971,389	\$1,935,938	\$1,929,783

Agency Description

The Missoula Vocational Technical Center's primary objectives are to prepare postsecondary students for employment

and to provide trained workers for employment opportunities. The Missoula Vo Tech staff provide vocational training in agricultural, business, health, home economics, office, technical, and trade/industries occupations.

INSTRUCTION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	43.10	43.10	40.20	40.20
Personal Services	1,367,634.83	1,018,885	1,027,668	1,027,668
Operating Expenses	126,957.39	147,808	132,495	132,495
Equipment	51,614.00	54,381	48,710	48,710
Total Program Costs	\$1,546,206.22	\$1,221,074	\$1,208,873	\$1,208,873
Current Unrestricted Fund	1,546,206.22	1,221,074	1,208,873	1,208,873
Total Funding Costs	\$1,546,206.22	\$1,221,074	\$1,208,873	\$1,208,873
Current Level Services	1,546,206.22	1,221,074	1,208,873	1,208,873
Total Service Costs	\$1,546,206.22	\$1,221,074	\$1,208,873	\$1,208,873

Program Description

The Instruction Program of the Missoula Vocational Technical Center includes all expenditures for personal services, operating expenses and equipment for all activities that are part of the institution's instruction program which includes related occupational and vocational instruction.

Issues Addressed/Legislative Intent

The Instruction program at the Missoula Vo-Tech Center represents 95% of the enrollment-driven formula amount using budgeted enrollment of 586 student FTE per year.

Personal services costs were derived using \$1,753.70 per student FTE. No vacancy savings rate was applied to personal services costs. The formula does not specify the number of instructional staff funded. The operating expense portion of the program was derived using \$226.10 per student FTE. The instructional equipment portion of the program was determined using 95% of the level appropriated in FY87. The rate is \$32 per FTE student for "variable" equipment (costing less than \$1,000 per item) and \$29,783 per center for capital equipment (more than \$1,000 per item). One-half of the equipment is funded with general fund, one-half with federal funds.

PLANT OPERATION & MAINTENANCE Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	5.25	5.25	5.25	5.25
Personal Services	148,000.00	108,181	106,468	106,468
Operating Expenses	177,500.99	206,769	181,260	193,325
Total Program Costs	\$325,500.99	\$314,950	\$287,728	\$299,793
Current Unrestricted Fund	325,500.99	314,950	287,728	299,793
Total Funding Costs	\$325,500.99	\$314,950	\$287,728	\$299,793
Current Level Services	325,500.99	314,950	287,728	299,793
Total Service Costs	\$325,500.99	\$314,950	\$287,728	\$299,793

Program Description

The Plant Operations and Maintenance Program of the Missoula Vocational Technical Center includes expenditures of current operating funds for the operation and maintenance of physical plant. It includes all expenditures for operations established to provide services and maintenance related to the grounds and typically includes facilities, utilities, fire protection, property insurance and janitorial services.

Issues Addressed/Legislative Intent

The personal services portion of the Plant program is determined on the basis of a staffing standard per gross square

feet of facility space. Because the Missoula facility remained unchanged from FY86 base level, the staffing pattern remains the same as in the 1986-87 biennium. The average compensation amount applied to the approved staffing level was inflated by the full percent of the pay plan in the 1986-87 biennium — including the unfunded portion in FY87 — and then was discounted to 95%. This results in an average compensation of \$21,347 discounted to \$20,279.65. Plant operating expenses were held constant at the base year FY86 level adjusted for inflation of utility costs.

GAAP ADJUSTMENTS Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Personal Services	8,132.78-	0	0	0
Total Program Costs	\$8,132.78-	\$0	\$0	\$0
Current Unrestricted Fund	8,132.78-	0	0	0
Total Funding Costs	\$8,132.78-	\$0	\$0	\$0
Current Level Services	8,132.78-	0	0	0
Total Service Costs	\$8,132.78-	\$0	\$0	\$0

SUPPORT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	13.77	13.77	13.68	13.68
Personal Services	615,405.63	359,530	351,549	351,549
Operating Expenses	125,322.25	75,835	87,788	69,568
Total Program Costs	\$740,727.88	\$435,365	\$439,337	\$421,117
Current Unrestricted Fund	740,727.88	435,365	439,337	421,117
Total Funding Costs	\$740,727.88	\$435,365	\$439,337	\$421,117
Current Level Services	740,727.88	435,365	439,337	421,117
Total Service Costs	\$740,727.88	\$435,365	\$439,337	\$421,117

Program Description

The Support Program of the Missoula Vocational Technical Center provides support services for the institution's primary objectives to include library materials, services that directly assist the academic functions, audio-visual services, administration and personnel development and support for course and curriculum development.

Issues Addressed/Legislative Intent

Support program staffing for the Missoula Vo-Tech Center is based on budgeted student FTE enrollment and the ratios

of specific types of designated support staff to those enrollments. This results in a total funded support staff of 13.68 FTE employees with funded compensation of \$351,549 — which represents 95% of the total approved compensation levels for the designated support staff. No vacancy savings was applied. Operating expenditure level was established by multiplying the authorized employee FTE level by \$5,350 in FY88 and by \$5,353 in FY89. Audit costs of \$21,481 are authorized for the biennium, of which 15% is to be paid from funds other than those line-item appropriated in HB2.

CRIME CONTROL DIVISION

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	14.00	13.00	17.00	17.00
Personal Services	408,041.91	392,077	486,156	486,114
Operating Expenses	170,470.16	159,093	178,522	169,710
Equipment	11,981.08	500	6,250	8,500
Grants	542,700.78	0	1,912,963	1,944,515
Benefits and Claims	0.00	0	509,245	516,582
Total Agency Costs	\$1,133,193.93	\$551,670	\$3,093,136	\$3,125,421
General Fund	480,359.74	469,170	420,742	411,834
State Special Revenue Fund	0.00	0	482,795	480,936
Federal & Other Spec Rev Fund	652,834.19	82,500	2,189,599	2,232,651
Total Funding Costs	\$1,133,193.93	\$551,670	\$3,093,136	\$3,125,421
Current Level Services	559,368.29	551,670	3,093,136	3,125,421
Budget Amended Services	573,825.64	0	0	0
Total Service Costs	\$1,133,193.93	\$551,670	\$3,093,136	\$3,125,421

Agency Description

The Board of Crime Control was created by section 2-15-2006, MCA. Under the supervision of the Board, the Crime Control Division provides supportive services and technical assistance to state and local criminal justice agencies. Technical assistance includes such areas as jail improvement, management training, statistical analysis,

Crime-stoppers and crime prevention. Supportive services include: the Montana Uniform Crime Reporting system, which reports major offenses to the F.B.I. and provides management information for local law enforcement; Peace Officer Standards and Training, which promulgates standards and training for the certification of all peace officers; and the criminal justice data base, which provides an automated central repository for criminal justice data.

BOARD OF CRIME CONTROL Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	14.00	13.00	17.00	17.00
Personal Services	408,041.91	392,077	486,156	486,114
Operating Expenses	165,135.01	159,093	178,522	169,710
Equipment	5,965.00	500	6,250	8,500
Grants	0.00	0	1,912,963	1,944,515
Benefits and Claims	0.00	0	509,245	516,582
Total Program Costs	\$579,141.92	\$551,670	\$3,093,136	\$3,125,421
General Fund	480,359.74	469,170	420,742	411,834
State Special Revenue Fund	0.00	0	482,795	480,936
Federal & Other Spec Rev Fund	98,782.18	82,500	2,189,599	2,232,651
Total Funding Costs	\$579,141.92	\$551,670	\$3,093,136	\$3,125,421
Current Level Services	559,368.29	551,670	3,093,136	3,125,421
Budget Amended Services	19,773.63	0	0	0
Total Service Costs	\$579,141.92	\$551,670	\$3,093,136	\$3,125,421

Program Description

This program provides supportive services and technical assistance to state and local criminal justice agencies. Technical assistance includes such areas as jail improvement, management training, statistical analysis, Crime-Stoppers and crime prevention. Supportive services include: the Mon-

tana Uniform Crime Reporting system, which reports major offenses to the F.B.I. and provides management information for local law enforcement; Peace Officer Standards and Training, which promulgates standards and training for the certification of all peace officers; and the criminal justice data base, which provides an automated central repository for criminal justice data.

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program.

HB2 changes \$45,000 of the agency's annual funding from general fund to state special revenue - user fees. \$20,000 per year is to be provided by tuition and fees for juvenile justice training programs, and \$25,000 per year from fees charged for technical assistance provided to local law enforcement agencies.

A statistical clerk position was eliminated as part of the unfunded pay plan and the June 1986 Special Session 5% reduction.

The Board of Crime Control administers three federal pass-through grant programs:

1. Juvenile Justice and Delinquency Prevention. \$142,500 each year of the biennium.
2. Criminal Justice Block Grant - \$396,000 each year of the biennium.
3. Crime Victim Assistance - \$224,000 each year of the biennium.

Language has been included in HB2 to provide biennial appropriation authority for the federal grants and allows for any remaining federal FY87 authority to continue into the 1989 biennium. This provides for continuing authority for the three year federal grant authority period. All federal pass-through grant programs are line-itemed.

The Board of Crime Control will be administering two new grants made available through the Anti-Drug Abuse Act of 1986. Under Subtitle K - grants for Drug Laws Enforcement, U.S. Department of Justice, they will receive

\$976,948 in FY88 and \$1,013,000 in FY89. Under Title IV, Subtitle B - grants for Prevention and Education, U.S. Department of Education, they will receive \$238,651 in each year of the biennium. The grants have a 10% limitation on administrative funding and a 25% cash match which will be passed on to the grant subrecipients.

\$65,136 in FY88 and \$69,636 in FY89 has been budgeted for the administration of the new grants. This includes 2.0 FTE a program manager and a secretary plus operational costs.

HB309 moves the Crime Victims program from the Workers Compensation Division, Department of Labor and Industry to the Board of Crime Control. The budget includes 2.0 FTE, an administrative officer and a secretary. The budget is supported with Federal Crime Victims Benefit funds and state special revenue account - Crime Victims Benefit account. The state special account is derived from 16.9% of highway patrol fines and forfeitures.

The approved budgets for the Crime Victims program are as follows:

	FY88	FY89
Personal Services	\$ 43,569	\$ 43,623
Operating Expenses	11,231	11,231
Equipment	2,750	500
Benefit & Claims	509,245	516,582
	<u>\$566,795</u>	<u>\$571,936</u>

Table 1 shows historical data on the Crime Victims program since 1982. In those years where total expenditures exceed revenues, interest earnings on prior year revenue was used to cover the difference.

Table 1
Crime Victims Program - Statistics
1982 - 1989

<u>FY</u>	<u>Revenue</u>	<u>Benefits Paid to Victims</u>	<u>Administrative Costs</u>	<u>Total Expenditures</u>
1982	\$223,913	\$287,607	\$41,641	\$329,248
1983	403,069	357,731	73,529	431,260
1984	376,740	340,509	57,113	397,622
1985	389,703	404,870	47,267	452,137
1986	373,409	365,863	57,077	422,940
1987	376,620	365,863	60,545	426,408
1988	503,954	463,555	57,550	521,105
1989	509,289	463,892	55,354	519,246

NOTE: (1) Revenue projections for FY88 and FY89 include federal grant funds of \$129,000 and \$136,000 respectively. (2) FY88 and FY89 benefit payment projections have taken into account increases as a result of HB309 and SB40.

CRIME CONTROL DIVISION

BOARD OF CRIME CONTROL ACTION Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	5,335.15	0	0	0
Equipment	6,016.08	0	0	0
Grants	542,700.78	0	0	0
Total Program Costs	\$554,052.01	\$0	\$0	\$0
Federal & Other Spec Rev Fund	554,052.01	0	0	0
Total Funding Costs	\$554,052.01	\$0	\$0	\$0
Budget Amended Services	554,052.01	0	0	0
Total Service Costs	\$554,052.01	\$0	\$0	\$0

Program Description

This program was set up to pass federal grants out to local entities. The program is deleted for FY88 and FY89. The

functions are transferred to the Crime Control Program (01).

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	8.50	8.50	8.50	8.50
Personal Services	245,220.76	251,429	258,645	258,273
Operating Expenses	315,353.56	200,815	197,587	195,769
Equipment	14,887.00	0	1,500	1,900
Local Assistance	0.00	0	277,200	302,400
Grants	933,701.27	1,100,000	720,000	720,000
Total Agency Costs	\$1,509,162.59	\$1,552,244	\$1,454,932	\$1,478,342
General Fund	0.00	0	277,200	302,400
State Special Revenue Fund	70,790.93	68,194	72,000	72,000
Federal & Other Spec Rev Fund	1,438,371.66	1,484,050	1,105,732	1,103,942
Total Funding Costs	\$1,509,162.59	\$1,552,244	\$1,454,932	\$1,478,342
Current Level Services	1,509,162.59	1,552,244	1,454,932	1,478,342
Total Service Costs	\$1,509,162.59	\$1,552,244	\$1,454,932	\$1,478,342

Agency Description

The Highway Traffic Safety Program was established by Title 61, chapter 2, MCA, to promote public safety, health, and welfare through efforts directed toward reducing death, injury, and property loss resulting from traffic accidents. Diverse projects are developed, initiated and maintained throughout various levels of government to ensure that a long-term, stable, and thoroughly professional statewide program exists.

Federal funding for this program is provided by the National Highway Traffic Safety Administration with a required 50% state match for administration and planning costs (\$72,000). Highway Gas Tax State Special Revenue Account funds are used as the match.

HB277 appropriates from the general fund an amount equal to the proceeds collected from a drivers' license reinstatement fee from counties with drinking and driving programs, and authorizes the distribution of the funds to those counties to support the programs. \$277,200 has been budgeted for FY88 (eleven months) and \$302,400 for FY89.

Issues Addressed/Legislative Intent

No vacancy savings factor was set for this program.

HIGHWAY TRAFFIC SAFETY DIV Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	8.50	8.50	8.50	8.50
Personal Services	245,220.76	251,429	258,645	258,273
Operating Expenses	315,353.56	200,815	197,587	195,769
Equipment	14,887.00	0	1,500	1,900
Local Assistance	0.00	0	277,200	302,400
Grants	933,701.27	1,100,000	720,000	720,000
Total Program Costs	\$1,509,162.59	\$1,552,244	\$1,454,932	\$1,478,342
General Fund	0.00	0	277,200	302,400
State Special Revenue Fund	70,790.93	68,194	72,000	72,000
Federal & Other Spec Rev Fund	1,438,371.66	1,484,050	1,105,732	1,103,942
Total Funding Costs	\$1,509,162.59	\$1,552,244	\$1,454,932	\$1,478,342
Current Level Services	1,509,162.59	1,552,244	1,454,932	1,478,342
Total Service Costs	\$1,509,162.59	\$1,552,244	\$1,454,932	\$1,478,342

DEPARTMENT OF JUSTICE

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	600.18	543.27	556.60	562.70
Personal Services	15,120,798.59	14,267,949	15,441,916	15,576,997
Operating Expenses	4,628,627.16	4,805,823	5,318,420	5,257,319
Equipment	1,361,803.44	837,743	1,329,893	1,105,712
Total Agency Costs	\$21,111,229.19	\$19,911,515	\$22,090,229	\$21,940,028
General Fund	8,852,419.65	5,267,369	5,215,514	4,957,783
State Special Revenue Fund	11,103,274.59	13,378,173	14,628,819	14,918,888
Federal & Other Spec Rev Fund	696,300.51	829,927	1,752,756	1,569,903
Proprietary Fund	459,234.44	436,046	493,140	493,454
Total Funding Costs	\$21,111,229.19	\$19,911,515	\$22,090,229	\$21,940,028
Current Level Services	20,963,660.74	19,911,515	22,090,229	21,940,028
Budget Amended Services	147,568.45	0	0	0
Total Service Costs	\$21,111,229.19	\$19,911,515	\$22,090,229	\$21,940,028

Agency Description

The Department of Justice, under the direction of the Attorney General, provides the state level leadership and coordination necessary for effective law enforcement and public safety, as authorized in section 2-15-501, MCA. The goals of the department are: 1) to provide the best possible legal representation for the state and its political subdivisions in criminal appeals; 2) to provide legal services for the state, county, and municipal agencies and their officials; 3) to enforce Montana traffic laws and register all motor vehicles; 4) to enforce state fire safety codes and regulations; 5) to assist local law enforcement agencies in bringing offenders to justice; and 6) to manage a statewide system of death investigations and provide scientific analyses of specimens submitted by law enforcement officials, coroners and state agencies.

Issues Addressed/Legislative Intent

Language in HB2 directs that the Department of Justice shall develop a cost allocation plan for the purpose of recovering the operational cost of regional dispatch centers

from all user agencies on an equitable basis and shall submit the funding plan to the 51st Legislature within the department's 1991 biennium budget request. It is the intent that after FY89 the state highway revenue account which supports the Communications Bureau, Highway Patrol Division, be reimbursed for services provided to user agencies that are not funded by the state special highway revenue account.

Motor Vehicle Account funds support several programs within the Department of Justice and the prison license plate factory in the Department of Institutions. Revenue projections for the 1989 biennium are shown in Table 1 and reflect action of the 50th Legislature - HB492, HB730 and SB212. Table 2 shows the cash flow of the Motor Vehicle Account. The revenues from Table 1, FY86 actual expenditures, FY87 budgeted, appropriated FY88 and FY89, and projected ending balance are detailed. A minimum ending balance of \$125,000 in the Motor Vehicle Account at FYE89 was recommended by the subcommittee. The balance allows the department a reserve in case of revenue shortfalls.

Table 1
Motor Vehicle Account - Revenue Projections
1989 Biennium
(Thousands)

	Actual FY86	Estimated FY87	Projected FY88	Projected FY89
Registration	\$1,730	\$1,760	\$2,310	\$2,740
Liens	375	380	455	510
Titles	535	545	715	845
Personal Plates	471	475	480	490
Com. Veh. Oper. Lic. (SB212)			76	153
Titling Boats (HB730)				60
Other	290	304	310	315
Total	<u>\$3,401</u>	<u>\$3,464</u>	<u>\$4,346</u>	<u>\$5,113</u>

NOTE: The Registration, Lien and Title categories increases are based upon: 1) an approximate 3% volume increase each year, and 2) the impact of HB492: \$703,500 in FY88 and \$1,234,000 in FY89.

Table 2
Motor Vehicle Account - Cash Flow Summary
1989 Biennium

	Actual FY86	FY87	FY88	FY89
Beginning Balance:	\$2,012,575	\$1,267,631	\$841,698	\$295,440
Revenues:	3,401,138	3,464,000	4,346,000	5,113,000
Total Funds Available	<u>\$5,413,713</u>	<u>\$4,731,631</u>	<u>\$5,187,698</u>	<u>\$5,408,440</u>
	Actual FY86	FY87	FY88	FY89
Expenditures/Budget:				
Driver Services Bureau	\$298,962	\$284,668	\$369,955	\$574,238
Communications Bureau	113,745	444,861	0	0
Registrar's Bureau	1,929,714	1,858,062	1,993,923	2,064,472
Law Enforcement Academy	517,832	500,862	516,403	\$27,904
Special Investigations	0	0	145,864	129,136
Central Services Division	4,462	0	5,809	0
Data Processing Division	305,383	0	703,851	700,503
Forensic Science Division	603,568	536,446	671,964	629,368
Department of Institutions	330,652	367,532	484,489	496,117
Adjustments	41,764	(102,498)	0	0
Total				
Expenditure/Budgets	<u>\$4,146,082</u>	<u>\$3,889,933</u>	<u>\$4,892,258</u>	<u>\$5,121,738</u>
Ending Balance:	<u>\$1,267,631</u>	<u>\$841,698</u>	<u>\$295,440</u>	<u>\$286,702</u>

LEGAL SERVICES DIVISION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	20.00	20.00	19.00	19.00
Personal Services	679,135.92	657,060	668,500	667,890
Operating Expenses	131,592.71	135,698	132,188	129,185
Equipment	10,595.56	861	0	0
Total Program Costs	\$821,324.19	\$793,619	\$800,688	\$797,075
General Fund	785,710.84	779,437	778,653	775,185
State Special Revenue Fund	20,118.13	14,182	22,035	21,890
Federal & Other Spec Rev Fund	15,495.22	0	0	0
Total Funding Costs	\$821,324.19	\$793,619	\$800,688	\$797,075
Current Level Services	805,828.97	793,619	800,688	797,075
Budget Amended Services	15,495.22	0	0	0
Total Service Costs	\$821,324.19	\$793,619	\$800,688	\$797,075

Program Description

The Legal Services Program provide the Attorney General with legal research and analysis; provides legal counsel for state government officials, bureaus, and boards; represent Montana's interests in cases before state and federal courts, antitrust cases and cases involving property that reverts to the state in the absence of legal heirs; interprets laws; provide legal assistance to local governments in bond issues and in other matters; and, enforces the laws relating to the reporting and collection of unclaimed property belonging to persons who cannot be located.

Issues Addressed/Legislative Intent

A 1.0 FTE administration secretary position and 25% of the funding only for a lawyer position were eliminated as part of unfunded pay plan and 5% permanent cuts of the June 1986 special session.

\$9,500 in each year of the biennium for case related travel was line-itemed.

A 4% vacancy savings factor was applied to all positions in this program.

The state special revenue fund (Escheat Estate) supports part of the costs of an attorney and related operational costs for assisting the Department of Revenue enforce the state's Escheat Law.

INDIAN LEGAL JURISDICTION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	2.00	2.00	2.00	2.00
Personal Services	59,996.41	60,192	60,258	60,335
Operating Expenses	48,846.66	9,284	105,321	5,322
Equipment	421.95	0	0	0
Total Program Costs	\$109,265.02	\$69,476	\$165,579	\$65,657
General Fund	109,265.02	69,476	165,579	65,657
Total Funding Costs	\$109,265.02	\$69,476	\$165,579	\$65,657
Current Level Services	109,265.02	69,476	165,579	65,657
Total Service Costs	\$109,265.02	\$69,476	\$165,579	\$65,657

Program Description

The Indian Legal Jurisdiction program provides representation and coordination of trial and appellate lawsuits involving the State of Montana and the Indian tribes, supervision of private attorneys contracted by the State to assist with those cases, and advice to state agencies on questions involving Indian legal matters.

Issues Addressed/ Legislative Intent

A \$100,000 biennial, line-itemed appropriation was approved for legal fees, expert witnesses, and other court costs.

Vacancy savings of 4% was set for this program.

COUNTY PROSECUTOR SERVICES Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	3.00	3.00	3.00	3.00
Personal Services	108,157.02	110,079	112,961	112,868
Operating Expenses	22,014.25	24,795	22,220	22,466
Total Program Costs	\$130,171.27	\$134,874	\$135,181	\$135,334
General Fund	130,171.27	134,874	135,181	135,334
Total Funding Costs	\$130,171.27	\$134,874	\$135,181	\$135,334
Current Level Services	130,171.27	134,874	135,181	135,334
Total Service Costs	\$130,171.27	\$134,874	\$135,181	\$135,334

Program Description

The County Prosecutor Services program provides legal assistance to counties in the prosecution and disposition of major felonies and in cases in which county attorneys have conflicts of interest. This program also coordinates training

and continuing legal education for county attorneys and city attorneys.

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program.

The approved budget allows the program to maintain current level operations.

AGENCY LEGAL SERVICES Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	10.00	10.00	10.00	10.00
Personal Services	341,936.55	334,252	367,455	367,965
Operating Expenses	105,178.15	101,794	125,107	125,489
Equipment	11,524.74	0	0	0
Total Program Costs	\$458,639.44	\$436,046	\$492,562	\$493,454
Proprietary Fund	458,639.44	436,046	492,562	493,454
Total Funding Costs	\$458,639.44	\$436,046	\$492,562	\$493,454
Current Level Services	437,114.70	436,046	492,562	493,454
Budget Amended Services	21,524.74	0	0	0
Total Service Costs	\$458,639.44	\$436,046	\$492,562	\$493,454

Program Description

The Agency Legal Services Program (ALS) provides legal services, upon request, to state agencies. Agencies are billed for attorney time and case-related costs to support the program.

Issues Addressed/Legislative Intent

No vacancy savings factor was applied to this program.

Operating expenses increased by approximately \$20,000 each year of the biennium as compared to FY86 actual.

Expert witness fees increased by \$15,000, maintenance contracts on computer equipment purchased in FY86 added \$4,100, and travel increased by \$2,300.

The program is proprietary account funded. The 1985 Legislature established the hourly rate of \$46 for attorney time and \$25 for investigator time. During the June 1986 Special Session, the attorneys' hourly rate was reduced to \$45. Attorney rates will increase for the 1989 biennium to \$47.80 per hour.

DRIVER SERVICES BUREAU Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	81.70	83.70	87.70	89.55
Personal Services	1,624,794.09	1,587,905	1,814,512	1,849,738
Operating Expenses	517,779.77	511,232	645,310	602,689
Equipment	83,466.43	16,858	159,456	100,200
Total Program Costs	\$2,226,040.29	\$2,115,995	\$2,619,278	\$2,552,627
General Fund	1,811,208.29	1,755,526	1,897,971	1,756,674
State Special Revenue Fund	373,979.00	360,469	446,307	650,953
Federal & Other Spec Rev Fund	40,853.00	0	275,000	145,000
Total Funding Costs	\$2,226,040.29	\$2,115,995	\$2,619,278	\$2,552,627
Current Level Services	2,185,187.29	2,115,995	2,619,278	2,552,627
Budget Amended Services	40,853.00	0	0	0
Total Service Costs	\$2,226,040.29	\$2,115,995	\$2,619,278	\$2,552,627

Program Description

The Driver Licensing program is responsible for implementing and administering the laws relating to the examination, issuance, cancellation, suspension, revocation, and reinstatement of drivers' licenses and driving privileges.

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program.

This program budget reflects the combining of the Motor Vehicle Division Administrator's program with the Driver Services Bureau during the 1987 Biennium.

The equipment budget includes the replacement of three vehicles each year of the biennium for current level operations. \$25,956 in FY88 and \$27,000 in FY89. \$6,000 for replacement of word processing equipment was also included.

Operating costs include \$8,000 each year for special typewriter ribbons and \$7,000 in FY89 for printing donor cards.

It is estimated that SB181 (the administration of suspended drivers' licenses and reinstatement fees) will generate general fund revenues of \$45,100 in FY88 and \$49,250 in FY89 from the driver's license reinstatement fee, and it would

take an equal amount to administer the act. This budget is shown on Table 3.

Table 3
SB181 - Administrative Budget
1989 Biennium

	FY88	FY89
FTE	2.25	2.85
Personal Services	\$35,850	\$45,600
Operating Expenses	2,750	3,650
Equipment (Computers & Office)	6,500	0
Total	\$45,100	\$49,250

SB212 provides for a classified commercial vehicle operator's licensing program. Federal funds from the Commercial Motor Vehicle Act (\$260,000 in FY88, \$130,000 in FY89) and Motor Vehicle Account funds (\$55,900 in FY89, \$129,800 in FY89) will support the program. The budget for this activity is shown in Table 4.

Table 4
SB212 - Administrative Budget
1989 Biennium

	FY88	FY89
FTE	3.75	5.00
Personal Services	\$90,590	\$116,756
Operating Expenses	104,310	69,844
Equipment:		
Automobiles	38,000	0
Computers	72,000	73,200
Law Enforcement	8,000	0
Office	3,000	0
Total	\$315,900	\$259,800

The total funding for this Driver Services Bureau and division administration budget is outlined on Table 5.

HB181 and SB212 added a total of 6.0 FTE in FY88 and 7.85 FTE in FY89, operating expenses of \$107,060 in FY88 and \$73,494 in FY89, and equipment of \$119,500 in FY88 and \$73,200 in FY89.

Table 5
Driver Services Funding
1989 Biennium

	FY88	FY89
General Fund	\$1,987,971	\$1,756,674
Driver License Collections	47,358	47,721
Driver Rehabilitation	27,500	27,500
Highway Patrol ID Card	1,494	1,494
Motor Vehicle Account	369,955	574,238
Highway Traffic Safety Grant	15,000	15,000
U.S. Department of Transportation Grant	260,000	130,000
Total	\$2,619,278	\$2,552,627

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HIGHWAY PATROL DIVISION
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	225.68	241.52	259.40	259.40
Personal Services	6,919,325.78	7,111,814	7,691,509	7,698,075
Operating Expenses	1,609,271.66	1,784,669	1,665,993	1,706,438
Equipment	1,107,851.40	799,358	919,855	913,250
Total Program Costs	\$9,636,448.84	\$9,695,841	\$10,277,357	\$10,317,763
General Fund	2,581,378.24	0	0	0
State Special Revenue Fund	6,754,158.75	9,207,581	9,653,646	9,735,252
Federal & Other Spec Rev Fund	300,911.85	488,260	623,711	582,511
Total Funding Costs	\$9,636,448.84	\$9,695,841	\$10,277,357	\$10,317,763
Current Level Services	9,631,548.62	9,695,841	10,277,357	10,317,763
Budget Amended Services	4,900.22	0	0	0
Total Service Costs	\$9,636,448.84	\$9,695,841	\$10,277,357	\$10,317,763

Program Description

The Highway Patrol Program is responsible for patrolling the highways in Montana, enforcing traffic laws and investigating traffic accidents. The Patrol gives assistance and information to motorists, firstaid to those injured in traffic

accidents, and transports blood and medical supplies in emergency situations.

Issues Addressed/Legislative Intent

Following is a breakdown of the Highway Patrol Division budget by function/control account as approved by the legislature:

	FY88	FY89
<u>Uniformed</u>		
FTE	200.0	200.0
Personal Services	\$6,425,551	\$6,433,255
Operating Expenses	1,449,086	1,489,417
Equipment	868,355	913,250
Total	\$8,742,992	\$8,835,922

<u>Funding Sources:</u>		
Highway State Special Revenue	\$8,709,992	\$8,802,922
Highway Traffic Safety Grant	33,000	33,000
Total	\$8,742,992	\$8,835,922

	FY88	FY89
<u>65 MPH Squad</u>		
FTE	4.0	4.0
Personal Services	\$104,868	\$104,808
Operating Expenses	53,632	53,692
Total	\$158,500	\$158,500
Funding Source: 100% Highway Traffic Safety Grant.		

	FY88	FY89
<u>Non-Uniformed</u>		
FTE	14.6	14.6
Personal Services	\$296,762	\$296,534
Operating Expenses	9,041	9,027
Total	\$305,803	\$305,561
Funding Source: 100% Highway State Special Revenue.		

	FY88	FY89
<u>Highway Patrol Cadets</u>		
FTE	3.75	3.75
Personal Services	\$61,358	\$61,254
Operating Expenses	20,493	20,480
Total	\$81,851	\$81,734
Funding Source: 100% Highway State Special Revenue.		

	FY88	FY89
<u>Communications</u>		
FTE	25.05	25.05
Personal Services	\$463,556	\$462,908
Operating Expenses	20,811	20,794
Total	\$484,367	\$483,702
Funding Source: 100% Highway State Special Revenue.		

	FY88	FY89
<u>MCSAP</u>		
FTE	12.0	12.0
Personal Services	\$339,447	\$339,447
Operating Expenses	112,897	112,897
Equipment	51,000	0
Total	\$503,844	\$452,344
Funding Sources:		
Highway State Special Revenue	\$71,633	\$61,333
Federal - MCSAP - Truck Inspection	432,211	391,011
Total	\$503,844	\$452,344

Uniform
Vacancy savings of 4% was set for this function/control account.

The FTE level of 200.0 has not changed from the 1987 biennium.

Operating expenses decrease from FY86 actual due to the removal of one time expenses, termination of a contract for service, adjustments for unusually high expenses in FY86, and the deflation of gasoline costs. There were some slight increases to rent, insurance and bonds, and prisoner per diem paid to local jails.

The equipment approved for the 1989 Biennium is outlined in Table 6.

Table 6
Highway Patrol Uniform- Equipment Budget
1989 Biennium

	FY88	FY89
65 Vehicles*	\$810,095	\$891,150
10 Highband Radios	25,160	0
4 Base Station Repeaters	20,000	20,000
7 Siren Control Heads	3,500	0
2 Typewriters	2,100	2,100
1 Copy Machine	7,500	0
Total	\$868,355	\$913,250

* The price of \$12,463 per vehicle in FY88 and \$13,710 per vehicle in FY89 was used.

The budget is supported with Highway State Special Revenue funds except for \$33,000 each year of the biennium of federal grant funds. The federal funds, Highway Traffic Safety grants, support advanced training for patrolmen.

65 MPH Squad

No vacancy savings was applied to this function/control account.

The approved budget for 4.0 FTE and operating expenses is supported by an annual federal grant of \$158,500 from the National Highway Traffic Safety Administration.

Language in the 1985 General Appropriations Act had sunset the 55 MPH enforcement squad at the end of the 1987 biennium. The approved budget will continue the activity through the 1989 biennium.

Non-Uniformed

Vacancy savings of 4% was set for this function/control account.

There was no change in the FTE level from the 1987 biennium.

Operating expenses increase in the communication cost category because traffic loops have been installed in various high risk/high speed areas to monitor vehicle speeds. The traffic data is transmitted from the loops to Helena through telephone lines.

Funding is Highway Patrol State Special Revenue.

Highway Patrol Cadets

Vacancy savings of 4% was set for this function/control account.

The number of cadets increase from eight in the 1987 biennium to fifteen because a higher turnover of patrolmen is anticipated in the 1989 biennium. Each cadet represents a 0.25 FTE. Previously cadets were paid from contracted services, but because of independent contractor regulations they were placed on the state payroll system.

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The training program increased from 12 to 13 weeks.

Funding is from the Highway State Special Revenue Account.

Communications

Vacancy savings of 4% was set for this function/control account.

Reorganization during the 1987 biennium merged the 11.05 FTE Communications Bureau with the 14.0 FTE of the Highway Patrol Communications Unit. The Criminal Justice Information Network (CJIN) was transferred to the Data Processing Division - 2.0 FTE and approximately \$480,000 in operating expenses. The total adjusted 1987 biennium FTE level is 23.05.

1987 legislative action approved the transfer of a 1.0 FTE programmer analyst position from the Data Processing Division to this program. The position had remained vacant for over a year and will be reclassified to a communications program supervisor in the Helena center.

The intent of the legislature is to 1) convert the Glendive Dispatch Center to a remote site serviced out of the Billings Dispatch Center and 2) open a new dispatch center in Missoula to service the Montana area west of the Continental Divide. The 4.0 FTE in Glendive, plus an approved additional 1.0 FTE grade 8 dispatcher position would be utilized in the new Missoula Center. The statewide highband radio network was completed in the 1987 biennium, the Missoula Dispatch Center will complete the statewide dispatch network.

The transfer of the programmer analyst position and the new Missoula dispatcher position bring the program FTE level to 25.05 for the biennium.

Communication costs increase approximately \$8,000 from FY86 actual. Due to the installation of telephone radio

loops Helena/Missoula and Billings/Glendive - and the installation of the statewide emergency telephone number 525-5555.

The Department of Justice is directed by language included in HB2 to prepare a cost allocation plan in order to recover the cost of communication and dispatch services provided other state agencies. The plan is to be submitted to the 51st Legislature within the agency's 1991 biennium budget request. Similar language was included in the 1987 biennium appropriation bill.

Funding is from the Highway State Special Account.

Motor Carrier Safety Assistance Program (MCSAP)

A 2% vacancy savings factor was applied to the original 6.0 FTE and no vacancy savings was applied to the additional 6.0 FTE approved for 1989 biennium.

MCSAP was transferred to the department from the Public Service Commission by the 1985 Legislature. The activity was not fully staffed and operational until approximately six months into FY86, therefore, FY86 actual expenditures are understated.

The Department of Justice was notified that additional federal funds are available for the 1989 biennium. Approval was given to increase the FTE level from 6 to 12, increase operating expenses by approximately \$66,000 each year, and allow \$51,500 in FY88 for equipment including three medium-size cars, one van, and four highband radios.

Funding is provided by the National Highway Traffic Safety Administration, U.S. Department of Transportation, and requires a 20% match. In the past a soft match of highway patrolmen's time was used. To continue the practice would significantly affect the time officers have for regular patrol duties. The subcommittee approved a hard match to come from the Highway State Special Revenue Account.

REGISTRAR'S BUREAU **Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	70.00	70.00	70.00	73.00
Personal Services	1,212,408.66	1,171,113	1,256,844	1,300,921
Operating Expenses	678,434.86	685,969	790,039	794,811
Equipment	38,870.36	980	33,040	28,740
Total Program Costs	\$1,929,713.88	\$1,858,062	\$2,079,923	\$2,124,472
State Special Revenue Fund	1,929,713.88	1,858,062	1,993,923	2,064,472
Federal & Other Spec Rev Fund	0.00	0	86,000	60,000
Total Funding Costs	\$1,929,713.88	\$1,858,062	\$2,079,923	\$2,124,472
Current Level Services	1,929,713.88	1,858,062	2,079,923	2,124,472
Total Service Costs	\$1,929,713.88	\$1,858,062	\$2,079,923	\$2,124,472

Program Description

The Vehicle Registration program provides a system of motor vehicle registration, a certificate of ownership, lien filing, and licensing of automobile dealers and manufacturers. This program also processes registration for boats and snowmobiles.

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program.

Operating expenses increased by approximately \$30,000 per year of the biennium over FY86 actual. The differences are due to increased disk storage charges (\$11,175 per year), \$2,380 each year for SORG paper, \$6,000 for new vehicle registration decals annually, \$3,000 per year in data processing costs, \$3,000 for increased freight charges to handle cen-

ennial plate issues, \$1,000 for a new maintenance contract for computer equipment, and other minor increases - inflation adjustments. Boiler inspection fees of \$3,300 were deleted - the boiler has been removed. HB730 and SB200, as described below, added \$80,000 in FY88 and \$87,233 in FY89 to the operating expenses budget.

\$88,000 in each year of the biennium has been line itemed for the printing and distribution of motor vehicle renewal notices.

The equipment budget authorizes the purchase of six computer terminals per year (\$7,740), a computer printer each year (\$5,300), office equipment of \$5,000 per year, and \$9,000 in FY88 for the pay off on a contract to purchase a microfiche reader printer.

HB730 requires certification of ownership for motorboats and vessels. Revenues generated by the bill will be deposited in the Motor Vehicle Account. The agency anticipates that it will cost \$26,000 in FY88 and \$82,900 in FY89 to administer the program. The approved budget is outlined on Table 7.

Table 7
HB730 - Certificates of Ownership, Boats
1989 Biennium

	FY88	FY89
FTE	0	3
Personal Services	0	\$44,967
Operating Expenses	\$20,000	27,233
Equipment	6,000	10,700
Total	\$26,000	\$82,900
Funding		
Coast Guard	\$26,000	0
Motor Vehicle Account	0	\$82,900

SB200 replaces the fee in lieu of tax on light motor vehicles with a property tax. \$60,000 in each year of the biennium is included in the budget for implementation. The source of funding is the Education Trust Fund Account.

Funding for the program is the Motor Vehicle Account except \$26,000 in FY88 of federal Coast Guard funds for the requirements of HB730 and \$60,000 per year of Education Trust Fund Account for implementation of SB200.

LAW ENFORCEMENT SERVICES DIV Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	2.00	2.00	2.00	2.00
Personal Services	67,991.98	65,402	68,279	68,150
Operating Expenses	8,765.67	10,420	9,618	9,734
Equipment	0.00	0	765	0
Total Program Costs	\$76,757.65	\$75,822	\$78,662	\$77,884
General Fund	76,757.65	75,822	78,662	77,884
Total Funding Costs	\$76,757.65	\$75,822	\$78,662	\$77,884
Current Level Services	76,757.65	75,822	78,662	77,884
Total Service Costs	\$76,757.65	\$75,822	\$78,662	\$77,884

Program Description

The Law Enforcement Services Division program administers three bureaus: Criminal Investigation, Fire Marshal and Identification. These bureaus provide a broad spectrum of services vital to local, county, state, and federal law enforcement criminal justice agencies throughout Montana.

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program.

The approved budget allows the program to maintain operations at current level.

COUNTY ATTORNEY PAYROLL
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	84.00	28.00	18.60	18.60
Personal Services	1,587,735.00	922,336	924,317	937,463
Total Program Costs	\$1,587,735.00	\$922,336	\$924,317	\$937,463
General Fund	1,587,735.00	922,336	924,317	937,463
Total Funding Costs	\$1,587,735.00	\$922,336	\$924,317	\$937,463
Current Level Services	1,587,735.00	922,336	924,317	937,463
Total Service Costs	\$1,587,735.00	\$922,336	\$924,317	\$937,463

Program Description

The County Attorney Payroll Program pays one-half the salary and benefits of the 56 county attorneys from state general fund.

Issues Addressed/Legislative Intent

No vacancy savings was applied to this program.

The 49th Legislature authorized an increase in salary for part-time county attorneys, paying half of deputy county attorneys, and providing longevity pay for no more than two deputy attorneys per county. Fines were increased to pay for

the increased costs. The June, 1986, Special Session eliminated the state's obligation for deputy attorneys' salaries and allowed counties to retain the increased fines to pay for the increased local costs. Further reductions in the number of FTE for the 1989 biennium reflect a change in the method of calculating county attorney payroll. There is no impact on the number of county attorney positions or the amount of pay.

County Commissioners by statute, have the authority to increase or freeze county attorney salaries. Thirty-one counties chose to freeze salaries at 1987 levels.

COMMUNICATIONS BUREAU
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	23.05	11.05	.00	.00
Personal Services	422,802.67	219,671	0	0
Operating Expenses	12,484.90	489,180	0	0
Total Program Costs	\$435,287.57	\$708,851	\$0	\$0
General Fund	241,562.06	0	0	0
State Special Revenue Fund	193,725.51	708,851	0	0
Total Funding Costs	\$435,287.57	\$708,851	\$0	\$0
Current Level Services	435,287.57	708,851	0	0
Total Service Costs	\$435,287.57	\$708,851	\$0	\$0

Program Description

The Communications Program provides 24-hour, seven day a week communication and radio dispatch from three regional dispatch centers for the Highway Patrol for all of Montana except the area west of the Continental Divide. The program also provides communication and radio dispatch service for other state agencies including the Attorney

General, Fire Marshal, Criminal Investigators, Department of Livestock, Fish, Wildlife and Parks, Disaster and Emergency Services and the Highway Department.

Issues Addressed/Legislative Intent

This program has been combined with the Highway Patrol Division.

LAW ENFORCEMENT ACADEMY DIV Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	11.00	11.00	10.00	10.00
Personal Services	277,032.44	275,323	274,782	274,365
Operating Expenses	304,723.22	288,049	344,509	366,891
Equipment	6,587.00	0	6,500	3,000
Total Program Costs	\$588,342.66	\$563,372	\$625,791	\$644,256
State Special Revenue Fund	583,584.16	563,372	625,791	644,256
Federal & Other Spec Rev Fund	4,758.50	0	0	0
Total Funding Costs	\$588,342.66	\$563,372	\$625,791	\$644,256
Current Level Services	583,584.16	563,372	625,791	644,256
Budget Amended Services	4,758.50	0	0	0
Total Service Costs	\$588,342.66	\$563,372	\$625,791	\$644,256

Program Description

The Law Enforcement Academy Division Program provides a professional education and training program in criminal justice for Montana law enforcement officers and other criminal justice personnel, as specified by sections 44-10-101 through 44-10-103, MCA.

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program.

A .42 of an attorney position was deleted as part of the pay plan shortfall and 5% permanent cuts of the June 1986 Special Session. The legislature deleted the balance of the position.

HB2 directs that the Department of Justice shall purchase the modular facilities in Bozeman that currently house the academy. The department is authorized to expend appropriated funds in the program budget.

A \$3,500 biennial, line-itemed appropriation for handguns has been included in the budget.

A First Responder/Emergency Vehicle training course has been approved. The course would provide 48 hours of certified emergency medical training in lifesaving skills to entry-level officers in the Basic Course. Emergency Vehicle Operation is a 20 hour course for Highway Patrol instructors, increasing skills. \$18,583 in FY88 and \$24,778 in FY89 of tuition fees have been authorized.

\$25,310 per year of tuition funds were authorized to fund a series of six executive level seminars each year of the biennium. These seminars will address contemporary issues of concern to criminal justice administrators.

The passage of HB492 allowed for an additional Basic Course in FY89. \$15,984 of Motor Vehicle Account funds were authorized.

The program is supported by \$516,403 in FY88 and \$527,904 in FY89 of Motor Vehicle Account funds and \$109,388 in FY88 and \$116,352 in FY89 from tuition/fees.

DEPARTMENT OF JUSTICE

FIRE MARSHAL BUREAU
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	8.00	8.00	8.00	8.00
Personal Services	247,895.10	225,459	237,280	237,547
Operating Expenses	77,134.90	80,452	71,195	71,936
Equipment	14,399.93	10,142	9,852	9,852
Total Program Costs	\$339,429.93	\$316,053	\$318,327	\$319,335
General Fund	326,269.32	316,053	318,327	319,335
Federal & Other Spec Rev Fund	13,160.61	0	0	0
Total Funding Costs	\$339,429.93	\$316,053	\$318,327	\$319,335
Current Level Services	326,269.32	316,053	318,327	319,335
Budget Amended Services	13,160.61	0	0	0
Total Service Costs	\$339,429.93	\$316,053	\$318,327	\$319,335

Program Description

The Fire Marshal's Program is responsible for reducing the loss of life and property from fire, explosion, and arson. Services offered by this program are fire and arson investigation, inspection of state-owned buildings, fire code interpretation and enforcement, and the collection of fire data through the fire incident reporting system.

Issues Addressed/Legislative Intent

A \$6,000 reduction in operating expenses was taken as part of the pay plan shortfall and 5% permanent cuts of the June 1986 Special Session.

Vacancy savings of 4% was set for this program.

Equipment approved includes the replacement of one vehicle for \$8,652 each year and \$1,200 each year for replacement of a flammable gas detector.

IDENTIFICATION BUREAU
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	8.00	7.00	7.00	7.00
Personal Services	166,663.06	161,184	164,152	164,002
Operating Expenses	66,489.74	69,748	67,003	68,507
Equipment	563.04	908	5,579	579
Total Program Costs	\$233,715.84	\$231,840	\$236,734	\$233,088
General Fund	233,715.84	231,840	236,734	233,088
Total Funding Costs	\$233,715.84	\$231,840	\$236,734	\$233,088
Current Level Services	233,715.84	231,840	236,734	233,088
Total Service Costs	\$233,715.84	\$231,840	\$236,734	\$233,088

Program Description

The Identification program is responsible for collecting, preserving and disseminating accurate criminal history record information in the state and nationally, and providing latent print services and related training to criminal justice agencies throughout the state. The program also serves as a clearinghouse and central repository for information about missing and unidentified persons.

Issues Addressed/Legislative Intent

Vacancy savings was set at 4% for this program.

A full-time fingerprint technician position was eliminated as part of the pay plan shortfall and 5% permanent cuts of the June 1986 Special Session.

Equipment approved include \$5,000 in FY88 for a fume cabinet for processing latent fingerprints and \$579 each year to purchase file cabinets.

CRIMINAL INVESTIGATION BUREAU
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	6.00	6.00	7.00	7.00
Personal Services	155,292.94	177,788	210,930	210,881
Operating Expenses	46,914.37	47,613	56,425	56,994
Equipment	3,945.91	0	30,066	0
Total Program Costs	\$206,153.22	\$225,401	\$297,421	\$267,875
General Fund	156,835.37	155,109	180,805	165,527
Federal & Other Spec Rev Fund	49,317.85	70,292	116,616	102,348
Total Funding Costs	\$206,153.22	\$225,401	\$297,421	\$267,875
Current Level Services	199,153.22	225,401	297,421	267,875
Budget Amended Services	7,000.00	0	0	0
Total Service Costs	\$206,153.22	\$225,401	\$297,421	\$267,875

Program Description

The Criminal Investigation Program, directed by the Criminal Investigation Bureau, General Investigation Section, assists "city, county, state and federal law enforcement agencies at their request by providing expert and immediate aide in investigation and solution of felonies committed in Montana" (Section 44-2-115(1), MCA) and investigates "any apparent violation of penal statutes disclosed by the audit of a state agency; conducted by the Legislative Auditor and reported by him to the Attorney General and the Governor (Section 5-13-304(4), MCA). The program also collects, analyzes, and disseminates criminal investigative information throughout the law enforcement community in Montana and other states.

Issues Addressed/Legislative Intent

Vacancy savings was set at 4% for this program.

A customs investigator (1.0 FTE) to work with U.S. Customs special agents on border interdiction along the Montana/Canadian border was approved contingent upon availability of federal funds. The revenue to support the authorized \$56,993 in FY88 and \$42,809 in FY89, would be proceeds from a felony bust forfeiture in which the state participated. The budget is outlined in Table 8.

Table 8
Customs Investigator
1989 Biennium

	FY88	FY89
Personal Services	\$30,610	\$30,557
Operating Expenses	12,252	12,252
Equipment	14,131	0
Total	\$56,993	\$42,809

\$9,000 in FY88 was approved for the purchase of vehicles, either new or used, based upon the needs of the bureau. In addition, \$1,935 for tape recorders and \$5,000 for a photographic image computer were approved in FY88.

The program (excepting the customs investigation activities) is supported by general fund and federal funds of \$59,623 in FY88 and \$59,539 in FY89. The federal funds are from the Rocky Mountain Information System (RMIN), an eight state regional intelligence sharing network of local, state and federal intelligence agencies. RMIN funding supports 2.0 FTE and operational expenses.

The 1985 Legislature authorized \$408,959 of general fund to establish a 7.0 FTE Special Investigation Section in FY87. The funding was withdrawn by the June 1986 Special Session.

SPECIAL INVESTIGATION SECTION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	5.75	5.00	14.75	16.00
Personal Services	164,808.23	145,709	435,738	473,334
Operating Expenses	86,155.79	125,666	256,678	299,255
Equipment	16,618.62	0	103,280	36,591
Total Program Costs	\$267,582.64	\$271,375	\$795,696	\$809,180
State Special Revenue Fund	0.00	0	145,864	129,136
Federal & Other Spec Rev Fund	267,582.64	271,375	649,832	680,044
Total Funding Costs	\$267,582.64	\$271,375	\$795,696	\$809,180
Current Level Services	231,927.32	271,375	795,696	809,180
Budget Amended Services	35,655.32	0	0	0
Total Service Costs	\$267,582.64	\$271,375	\$795,696	\$809,180

Program Description

The Criminal Investigation directed by the Criminal Investigation Bureau, Special Investigation Section, provides undercover criminal investigative services, primarily in illegal drugs and stolen property, to the Eastern Coal Counties Task Force. The program is funded by grants from the Montana Coal Board and the Montana Board of Crime Control. The counties served are Yellowstone, Big Horn, Rosebud, Treasure, Powder River, Custer, Musselshell, Stillwater and Carbon.

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program.

Spending authority for a 5 FTE special investigative unit was provided contingent upon a grant from the Montana Coal Board to the Eastern Coal Counties Task Force. However, the Coal Board does not have appropriation authority to grant the funds to the Task Force during the 1989 biennium.

Approval for an additional 1.0 FTE investigator position and operating expenses was given contingent upon availability of either coal board funds or anti-drug enforcement funds. The anti-drug enforcement funds would require a 25% match. Approved spending authority is \$68,140 in FY88 and \$68,067 in FY89.

The legislature authorized the establishment of a statewide investigation program to combat trafficking in illegal drugs

and stolen property, dependant upon availability of federal anti-drug enforcement funds and the required 25% match. The approved spending authority as shown in Table 9 would support 8.75 FTE in FY88 and 10.0 FTE in FY89 plus operating expenses.

Table 9
Criminal Investigation/Undercover Unit
Federal Anti-Drug Enforcement
1989 Biennium

	FY88	FY89
FTE	8.75	10.0
Personal Services	\$258,339	\$295,937
Operating Expenses	134,855	178,770
Equipment	103,280	36,591
Total	\$496,474	\$511,298
Funding:		
Anti-Drug Enforcement	\$350,610	\$382,162
Motor Vehicle Account	145,864	129,136
Total	\$496,474	\$511,298

CENTRAL SERVICES DIVISION
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	10.00	10.00	9.15	9.15
Personal Services	269,882.22	271,422	260,048	259,926
Operating Expenses	98,533.34	87,233	116,694	85,199
Equipment	7,348.25	8,241	11,000	11,000
Total Program Costs	\$375,763.81	\$366,896	\$387,742	\$356,125
General Fund	353,680.59	360,765	351,964	344,299
State Special Revenue Fund	21,488.22	6,131	33,603	11,826
Federal & Other Spec Rev Fund	0.00	0	1,597	0
Proprietary Fund	595.00	0	578	0
Total Funding Costs	\$375,763.81	\$366,896	\$387,742	\$356,125
Current Level Services	375,763.81	366,896	387,742	356,125
Total Service Costs	\$375,763.81	\$366,896	\$387,742	\$356,125

Program Description

The Central Services Division provides the administrative, budgetary, accounting, and fiscal support for the Department of Justice.

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program.

A .85 FTE accounting technician position was eliminated as part of the pay plan shortfall and 5% cuts of the June 1986 Special Session.

1989 biennium audit costs of \$31,935, for the department, are reflected in this program budget. Non-general fund supported agencies are allocated a share of the total costs. These include \$5,205 Motor Vehicle Account, \$14,457 Highway Special Revenue, \$1,446 Highway Traffic Safety Grants, and \$578 from Agency Legal Services' proprietary account.

The equipment budget of \$11,000 each year of the biennium is for the replacement of Department of Justice insurance reimbursed equipment. Funding is from the Department's Insurance Clearing Account.

DATA PROCESSING DIVISION
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	15.00	10.00	14.00	14.00
Personal Services	337,336.95	292,563	396,979	396,583
Operating Expenses	456,685.49	14,716	492,372	489,420
Equipment	10,153.47	395	2,500	2,500
Total Program Costs	\$804,175.91	\$307,674	\$891,851	\$888,503
General Fund	310,793.10	307,674	0	0
State Special Revenue Fund	493,382.81	0	891,851	888,503
Total Funding Costs	\$804,175.91	\$307,674	\$891,851	\$888,503
Current Level Services	804,175.91	307,674	891,851	888,503
Total Service Costs	\$804,175.91	\$307,674	\$891,851	\$888,503

Program Description

The Data Processing Program provides a full range of automated data processing and telecommunication services for the Department of Justice including; system development and maintenance of the motor vehicle registration system, driver history, criminal history record information system, and Montana Uniform Crime Report; computer operator support for the Armory computer center; and system development and support for the Criminal Justice Information Network (CJIN). CJIN links law enforcement/criminal jus-

tice agencies with information sources at local, state and national levels by interfacing with the National Law Enforcement Telecommunications System (NLETS), the National Crime Information Center (NCIC) and numerous State of Montana files.

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program.

The program was originally authorized 10.0 for the 1987 biennium, but through reorganization, 5.0 additional FTE

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were added. The increase is the result of the following action:

Original FTE authorized	10.0
Criminal Justice Information Network (CJIN)	2.0
Driver Services Bureau	3.0
Authorized 1987 Biennium	15.0

A 1.0 FTE programmer analyst position will be transferred to the Communications Bureau, Highway Patrol Division, leaving an FTE level of 14 for the 1989 biennium.

\$12,000 for electricity expenses in each year of the biennium is reflected in the program budget. These expenses are

associated with the operation of the computer located at the Armory.

The pay plan shortfall and 5% cuts of the June 1986 Special Session were taken from operating expenses. Communications were reduced by \$16,900 - CJIN toll free line, \$7,500 savings; backup communications line to the National Crime Information Center, \$9,400 savings - in addition \$2,500 of repair and maintenance and \$818 of miscellaneous reductions were taken.

The \$2,500 annual equipment budget is for maintenance of the current data processing system.

EXTRADITION & TRANSP PRISONERS Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	147,337.06	158,457	147,321	147,337
Total Program Costs	\$147,337.06	\$158,457	\$147,321	\$147,337
General Fund	147,337.06	158,457	147,321	147,337
Total Funding Costs	\$147,337.06	\$158,457	\$147,321	\$147,337
Current Level Services	147,337.06	158,457	147,321	147,337
Total Service Costs	\$147,337.06	\$158,457	\$147,321	\$147,337

Program Description

The Extradition and Transportation of Prisoners Program reviews and processes claims to reimburse sheriffs for expenses of extraditing criminals, and transporting prisoners to state prison.

Issues Addressed/Legislative Intent

The approved budget allows the program to maintain current level operations.

Expenditures for this program are uncontrollable and therefore difficult to project.

FORENSIC SCIENCE DIVISION Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	15.00	15.00	15.00	15.00
Personal Services	477,603.57	478,677	497,372	496,954
Operating Expenses	210,284.62	180,848	270,427	275,646
Equipment	49,456.78	0	48,000	0
Total Program Costs	\$737,344.97	\$659,525	\$815,799	\$772,600
State Special Revenue Fund	733,124.13	659,525	815,799	772,600
Federal & Other Spec Rev Fund	4,220.84	0	0	0
Total Funding Costs	\$737,344.97	\$659,525	\$815,799	\$772,600
Current Level Services	733,124.13	659,525	815,799	772,600
Budget Amended Services	4,220.84	0	0	0
Total Service Costs	\$737,344.97	\$659,525	\$815,799	\$772,600

Program Description

The Forensic Science Program, which includes the Laboratory of Criminalistics and the State Medical Examiner, provides for a statewide system of death investigations, forensic

science training, scientific criminal analysis. The program provides for the determination of the cause of death in certain cases and the scientific examination of specimens submitted by law enforcement officials, coroners, and state agencies. The division tests firearms, toolmarks, hair, fiber,

drugs, blood, analyzes blood, breath, and urine samples in connection with Driving Under the Influence of Alcohol or Drugs (DUI) and provides the certification, maintenance, and training of all law enforcement personnel on breath testing instruments. The laboratory also performs drug and alcohol screens for the State Department of Institutions.

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program.

The program is supported with Alcoholism Treatment-Rehabilitation Account funds and Motor Vehicle Account funds. Alcoholism Treatment contributes \$143,835 in FY88 and \$143,232 in FY89 while Motor Vehicle contributes \$671,964 in FY88 and \$629,368 in FY89.

The equipment budget of \$48,000 is a biennial, line-itemed appropriation. \$38,000 was approved for gas chromatograph equipment and \$10,000 for fume hoods.

Operating expenditures in the areas of rent and repair and maintenance were increased significantly from FY86 actual. The Architecture and Engineering Division recommended moving the Forensic Lab after determining the Front Street facility was unsafe. The new location has increased square footage and a higher per square foot charge. The rent includes utilities as well as the remodeling charges. The annual rent increase is \$52,900. The increased maintenance contracts are for toxilizers purchased throughout the 1987 biennium. The increases are approximately \$23,000 in FY88 and \$27,000 in FY89.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	46.00	46.00	46.00	46.00
Personal Services	1,275,580.28	1,327,263	1,360,582	1,359,144
Operating Expenses	310,231.62	374,998	423,271	348,047
Equipment	39,423.61	26,396	33,885	22,705
Transfers	5,000.00	0	0	0
Total Agency Costs	\$1,630,235.51	\$1,728,657	\$1,817,738	\$1,729,896
General Fund	1,591,501.64	0	1,769,247	1,679,762
State Special Revenue Fund	0.00	1,662,738	0	0
Federal & Other Spec Rev Fund	30,033.20	50,919	33,491	35,134
Proprietary Fund	8,700.67	15,000	15,000	15,000
Total Funding Costs	\$1,630,235.51	\$1,728,657	\$1,817,738	\$1,729,896
Current Level Services	1,630,235.51	1,728,657	1,817,738	1,729,896
Total Service Costs	\$1,630,235.51	\$1,728,657	\$1,817,738	\$1,729,896

Agency Description

The purpose of the Department of Public Service Regulation is to regulate the public utility, motor carrier, and railroad industries to provide safe, reliable, and adequate services at the lowest achievable cost to the consumers while concurrently providing the regulated industries with a fair and reasonable return on their investment for the services rendered. The department is provided for in sections 2-15-2601 and 69-1-102, MCA. The department operates under one program - Public Service Commission.

Issues Addressed/Legislative Intent

The Public Service Commission had proposed a budget which included reductions to meet their obligation of the unfunded pay plan as well as a 4% vacancy savings reduction. However, these reductions were not included in the accepted biennial budget for the PSC. As such, 1.0 FTE attorney which had been vacant for most of FY 86 and 87 was approved for FY88 and FY89 and an additional \$36,783 per year over the executive budget for travel was added back into the budget.

The number of FTE authorized for FY88 remains at the same level as was authorized in FY86.

In FY88, \$12,480 is appropriated for audit costs.

Operating expenses increase over 36% in FY88 from FY86. Increases include: \$31,300 for contracted services, \$12,000 in travel, \$1,500 in supplies, \$3,400 in rent and \$1,400 in repairs and maintenance.

PSC is authorized \$14,608 for office equipment in FY88 and \$1,778 in FY89.

One vehicle (\$12,277) in FY88 and two vehicles (\$20,927) in FY89 are authorized.

The appropriation for pipeline safety increases \$9,738 in FY88 from the actual FY 86 expenditure and utilizes 50% federal funds and 50% utility tax revenues. The railroad

safety program increases \$22,268 in FY88 from FY86 and is financed with 19% federal funds and 81% utility tax revenues.

A modification in FY88 for a data processing consultant (\$50,000) to develop a data base for the PSC case management system and, in addition, \$7,000 is included for an uninterrupted power supply for the PSC computer. Funding for this modification is line itemed with the legislative intent that the Commission not use the funds for anything other than the original intent of the legislature. Further, if the Governor should choose to reduce the authorized appropriation during the biennium this item is not to be reduced.

The legislature also authorized a biennial appropriation of \$11,967 for the PSC to hire consultants for: 1) situations when the Consumer Counsel is unable or declines to develop certain issues and; 2) to protect the state's interest in regard to federal regulatory bodies. The funding for this modification is derived from remaining funds from a \$20,000 appropriation in the 1987 biennium which enabled the commission to participate in the Montana-Dakota Utilities Company cases before the Federal Energy Regulatory Commission.

HB 583 approves the funding of PSC with utility taxes. The bill also provides that revenue from the tax will flow into the general fund and be distributed to the PSC as general fund revenue.

HB861 appropriates \$500 general fund in FY87 to the PSC (with PSC to receive \$250) and the Attorney General's office for administration of certain information from the buyer and seller of a line of railroad.

Federal funds are derived from the U.S. Transportation Department for the Rail Safety Program and the Pipeline Safety Program.

The proprietary funds are the revenues the state receives from out of state utilities for reimbursable auditing expenses.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	2.00	2.00	3.00	3.00
Personal Services	65,321.57	67,094	122,035	121,892
Operating Expenses	37,928.52	32,707	55,506	56,617
Equipment	2,420.00	0	0	0
Total Agency Costs	\$105,670.09	\$99,801	\$177,541	\$178,509
General Fund	105,670.09	99,801	177,541	178,509
Total Funding Costs	\$105,670.09	\$99,801	\$177,541	\$178,509
Current Level Services	105,670.09	99,801	177,541	178,509
Total Service Costs	\$105,670.09	\$99,801	\$177,541	\$178,509

Agency Description

The Board of Public Education, created by Article X, Section 9 of the 1972 Montana Constitution, consists of seven voting members appointed by the Governor and confirmed by the Senate. The board is charged with exercising "general supervision over the public school system." The board is also designated by statute as the governing board of the Montana School for the Deaf and Blind and the Montana Fire Services Training School. Together with the Board of Regents, the board does the general planning, coordinating and evaluation of the state's educational system. (Title 20, Chapter 2, MCA).

The Board accredits all schools, certifies all teachers, adopts policies for special education, administers and orders the distribution of state equalization aid, and sets standards for school buses and drivers. The Board's standards are the basis for eligibility for local school districts to receive state funds. Also, the Board hears cases regarding denial, suspension and revocation of teacher certificates and reviews teacher education programs leading to interstate reciprocity.

Board staff administers Board meetings, researches policy, collects reports and reviews and writes policy for consistency with statutes and rules, keeps records of the Board's actions, provides testimony to the Legislature, determines fiscal notes for any changes in standards which impact local schools, and maintains liaison with the Superintendent of Public Instruction, the Commissioner of Higher Education, professional organizations and the public at large.

Issues Addressed/Legislative Intent

The legislature made several adjustments to the Board of Public Education's budget, including the addition of 1.0 FTE and responsibility for a study of accreditation standards.

Personal services were increased approximately \$8,700 in FY88 and \$8,600 in FY89 for additional per diem expenses. This allows board members to receive the \$50 per day allowed by statute, and to allow additional days for members who require travel days to attend the board meetings. No vacancy savings was applied against this budget.

Adjustments to operating expenses included audit costs of \$2,400 in FY88 only, elimination of dues totalling \$4,420 for the National Association of School Boards of Education (NASBE). Also, travel was increased by \$1,805 for additional board travel, legal expenses were reduced \$2,982 per year due to the conclusion of a lawsuit, and temporary secretarial service costs of \$1,425 per year were removed from the budget as a one-time expenditure in FY86.

Other Legislation

The legislature passed HB871 which requires the Board of Public Education to adjust certified or licenced faculty at the School for the Deaf and Blind. Funds totalling \$23,029 per year are appropriated to the Board of Public Education to be transferred to the School for the Deaf and Blind.

The legislature also passed SB344 which provides for an accreditation standards study. Funding of approximately \$98,000 for the biennium is provided in HB2 to conduct the study.

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Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	26.50	26.50	33.85	33.85
Personal Services	825,123.20	812,655	1,106,953	1,106,220
Operating Expenses	796,079.68	1,308,230	1,375,662	1,455,119
Equipment	22,149.75	10,307	8,500	14,000
Local Assistance	3,237,163.68	3,158,520	3,110,014	3,103,798
Grants	4,693,527.86	4,572,369	6,992,738	6,830,475
Benefits and Claims	0.00	0	8,316,000	8,731,800
Transfers	97,115,968.00	94,811,155	103,497,650	103,524,951
Total Agency Costs	\$106,690,012.17	\$104,673,236	\$124,407,517	\$124,766,363
General Fund	88,729,604.87	81,431,571	96,531,656	96,908,760
State Special Revenue Fund	16,805,328.00	21,671,074	14,504,093	13,968,623
Federal & Other Spec Rev Fund	1,155,079.30	1,570,591	4,632,159	4,683,642
Proprietary Fund	0.00	0	8,739,609	9,205,338
Total Funding Costs	\$106,690,012.17	\$104,673,236	\$124,407,517	\$124,766,363
Current Level Services	106,572,434.95	104,673,236	124,407,517	124,766,363
Budget Amended Services	117,577.22	0	0	0
Total Service Costs	\$106,690,012.17	\$104,673,236	\$124,407,517	\$124,766,363

Agency Description

The Commissioner of Higher Education is the chief administrative officer of the Montana University System. Article X, Section 9 of the Montana Constitution provides that the regents appoint the Commissioner and prescribe the powers and duties of the office. The Commissioner's responsibilities include the following: academic planning and curriculum review, budgetary planning and control, provision of legal services to campuses, facilities planning, establishment of labor negotiation policies and procedures, and coordination of community colleges and vocational technical centers in accordance with state law and regent policies. The Commissioner also administers programs pertaining to student aid.

Issues Addressed/Legislative Intent

The major changes in the Commissioner's Office between the 1986-87 and the 1988-89 biennia are the addition of vo-tech governance to the administrative responsibilities of the commissioner for the Board of Regents and the inclusion of \$17 million of proprietary fund authority for the biennium for the Montana university system group insurance program. The vo-tech addition results in increased administrative costs of \$482 thousand for the biennium and grants and state appropriation transfers totalling \$14.8 million for the biennium.

ADMINISTRATION PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	15.60	15.60	14.40	14.40
Personal Services	567,231.75	557,043	570,361	570,209
Operating Expenses	210,845.05	213,251	231,777	203,895
Equipment	17,518.39	307	0	0
Total Program Costs	\$795,595.19	\$770,601	\$802,138	\$774,104
General Fund	795,595.19	770,601	802,138	774,104
Total Funding Costs	\$795,595.19	\$770,601	\$802,138	\$774,104
Current Level Services	795,595.19	770,601	802,138	774,104
Total Service Costs	\$795,595.19	\$770,601	\$802,138	\$774,104

Program Description

The staff of the Administration program: provide academic planning and curriculum review; make budgetary recom-

mendations and provide for budgetary review; perform facilities planning and make recommendations; set policies and procedures relating to labor negotiations; maintain and provide legal services for the campuses; coordinate community

colleges in accordance with state law and regent policies; and promulgate and review management information systems, including accounting.

Issues Addressed/Legislative Intent

General fund 1988-89 biennial support of the administration program decreases by 2% over base level expenditures. This reflects a reduction of 1.20 FTE from general fund support in order to respond to the impact of the unfunded FY87 pay plan — .50 FTE attorney position was eliminated and .70 fiscal and clerical FTE were transferred to other funding sources within the office. Personal services costs still increase over base year expenditures due to vacancy savings in the base and increased benefits in the 1988-89 biennium. A 4% vacancy savings rate was applied to personal services.

Operating expenses increase slightly due to increases in audit and insurance costs. The legislature approved prorating some of the administrative costs in this program to federally-supported programs in the office — reducing this operating base by approximately \$3,200.

The legislature decided to appropriate \$150,000 of general fund for the biennium to support a study of the funding mechanism for the university system. The commissioner's office is appropriated \$15,000 of that sum to help defray costs of participating in that study. HB2 language specifies the intent and scope of the study:

"The Montana legislature recognizes the need to review the adequacy of the current method for funding the university system. The study shall be conducted by an eight-member legislative committee comprised of four members appointed by house leadership and four members appointed by the senate committee on committees. The study shall be coordinated by the office of the legislative fiscal analyst in conjunction with the commissioner of higher education and active participation of the office of budget and program planning. The scope of the study will encompass a review of higher education expenditures and funding, and an analysis of the adequacy and consistency of the university financing. The study shall also address cost-effective methods of developing uniform personnel and class enrollment systems and consistent statewide budgeting and accounting system procedures and reports."

STUDENT ASSISTANCE PROGRAM		Actual		Budgeted		Appropriated	
Budget Detail Summary		FY 1986		FY 1987		FY 1988 FY 1989	
Full Time Equivalent Employees		.00		.00		.00 .00	
Local Assistance		53,000.00		56,000		59,000	
Grants		4,579,395.00		4,572,369		4,611,102	
Total Program Costs		\$4,632,395.00		\$4,628,369		\$4,670,102	
General Fund		2,017,878.00		796,295		3,726,938	
State Special Revenue Fund		2,421,328.00		3,622,074		683,164	
Federal & Other Spec Rev Fund		193,189.00		210,000		260,000	
Total Funding Costs		\$4,632,395.00		\$4,628,369		\$4,670,102	
Current Level Services		4,632,395.00		4,628,369		4,670,102	
Total Service Costs		\$4,632,395.00		\$4,628,369		\$4,670,102	

Program Description

The Student Assistance Program consists of: the Western Interstate Commission on Higher Education (WICHE) Student Exchange Program which provides education opportunities for Montana students in the fields of medicine, dentistry, veterinary medicine, optometry, public health, occupational therapy, podiatry; the Washington, Alaska, Montana, Idaho (WAMI) program - a cooperative agreement for medical education; the cooperative dental education agreement with the University of Minnesota; the State Student Incentive Grant (SSIG) program which provides loan funds to needy students - 50% from federal funds and 50% matching state funds; the National Direct Student Loan (NDSL) program which provides loan funds to students by the schools matching a basic amount appropriated by the legislature; and the state's share of Montana's Workstudy Program (Title 20, chapter 25, part 7, MCA).

Issues Addressed/Legislative Intent

The total 1988-89 biennium appropriation for this program decreases 2% over base year expenditures due to further decreases in number of students supported. Two slots for

new medical students in the WICHE program were eliminated beginning in FY88 — for a total reduction of two slots in FY88 and four in FY89 and a cost savings of \$136,000 for the biennium. Language in HB2 continues to allow the commissioner the flexibility of transferring appropriation authority between the WICHE and Minnesota Rural Dentistry programs.

"In each fiscal year, the commissioner of higher education is allowed to transfer appropriation authority between the amounts included in the WICHE appropriation for dentistry, which is \$120,534 in fiscal 1988 and \$122,668 in fiscal 1989, and the Minnesota rural dentistry appropriation."

An appropriation of \$35,000 of general fund was added to the WAMI appropriation in FY88 only to support the family practice program, designed to recruit doctors to practice in Montana. Language in HB2 states: "General fund support of the family practice program does not extend beyond fiscal 1988."

General fund biennial support for students attending institutions of higher education in Montana increased 91% over base year level. This results from a combination of revenue

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changes and federal matching requirements. There is an 81% decrease in coal trust interest earning available to the local impact/education trust account, which in the base year in the 1986-87 biennium represented 52% of the total student assistance appropriation, instead of only 10% in the 1988-89 biennium. (This revenue decrease has resulted from various appropriations of education trust balances to balance the statewide budget and changes in percentages of coal trust distribution.) General fund increases \$35,000 per year to

fully match all available federal funding for the SSIG program. Support for the general funded College Work Study program remained at 1986-87 biennium level of \$276,450 per year. This program was initiated when it was believed that federal support for college work study was going to terminate. The following table shows federal and state-supported college work study funds and students involved for the 1986-87 biennium and projected for the 1988-89 biennium.

Table 1
Federal and State Work Study
Support Levels and Participants
Six Units and Three Community Colleges
1986-87 and 1988-89 Biennia

	FY86	FY87	FY88	FY89
Federal Program:				
Support	\$3,078,256	\$3,164,233	\$2,936,206	\$2,936,206
Federal	2,154,779	2,214,963	\$2,055,344	2,055,344
Institution	923,477	949,270	880,862	880,862
Participants	2,820	2,727	2,531	2,531
State Program:				
Support				
State	\$ 286,201	\$ 256,124	\$ 276,450	\$ 276,450
Institution	85,399	76,837	82,935	82,935
Other Employer	38,060	32,930	35,544	35,544
Total	\$ 409,660	\$ 365,891	\$ 394,929	\$ 394,929
Participants	654	563	609	609

NOTE: FY87 shows the impact of the appropriation authority rescission of general fund in the state program in that year. The federal work study program support goes directly to the units of higher education and neither the federal support nor the state match is appropriated.

Carl Perkins federal scholarship funds amounting to \$50,000 per year were appropriated to support outstanding high school students to encourage them to pursue careers as teachers. These funds and the \$210,000 of federal SSIG funds represent the total federal funds appropriated in the student assistance program because the federal match sup-

port of the NDSL program (\$550,000 per year) is allocated directly to the units and is not appropriated through the state.

The following table lists the programs and funding sources for the 1988-89 biennium for student assistance.

Table 2
Funding Support and Slots for Student Assistance
1988-89 Biennium

Program	Funding	FY88		FY89	
		Amount	Slots	Amount	Slots
WICHE Admin	Coal	\$ 59,000	—	\$ 62,000	—
	Coal	624,164	117	150,537	103
	GF	1,161,470	—	1,436,131	—
WAMI	Coal	0	60	41,792	60
	GF	1,898,618	—	1,949,929	—
	GF	35,000	—	0	—
Family pract.	GF	90,400	8	69,000	6
	GF	210,000	1,680	210,000	1,680
	Federal	210,000	—	210,000	—
SSIG match	GF	55,000	—	55,000	—
	GF	276,450	609	276,450	609
	GF	—	—	—	—
NDSL match	GF	—	—	—	—
	GF	—	—	—	—
	GF	—	—	—	—
Work Study*	GF	—	—	—	—
	GF	—	—	—	—
	GF	—	—	—	—

* GF supports 70% of the total work study program costs — participating units support 21% and other employers, such as private non-profits organizations, supply the remaining 9% on a system-wide basis. The slots listed represent estimated student participants in the total program, not just the proportion that would be served by the general fund support.

ED. FOR ECON. SECURITY GRANT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	3,444.36	0	1,364	1,364
Grants	114,132.86	0	56,636	56,636
Total Program Costs	\$117,577.22	\$0	\$58,000	\$58,000
Federal & Other Spec Rev Fund	117,577.22	0	58,000	58,000
Total Funding Costs	\$117,577.22	\$0	\$58,000	\$58,000
Current Level Services	0.00	0	58,000	58,000
Budget Amended Services	117,577.22	0	0	0
Total Service Costs	\$117,577.22	\$0	\$58,000	\$58,000

Program Description

The federal Education for Economic Security Act provides funds to be used to upgrade the teaching skills of teachers in the mathematics and science disciplines. Grants are awarded to all institutions of higher education within the state on a competitive basis. Priorities for the grants are:

1. Inservice training for elementary, secondary and vocational school teachers to improve their teaching skills in the fields of mathematics and science.
2. Retraining teachers who are currently teaching without proper certification in mathematics and science.

3. Retraining teachers who are currently teaching in other disciplines so they will specialize in teaching mathematics and science.

4. Traineeship programs for new teachers who will specialize in mathematics and science.

Issues Addressed/Legislative Intent

The legislature accepted the federally funded Education for Economic Security program as recommended in the Executive Budget.

COMMUNITY COLLEGE ASSISTANCE Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Local Assistance	3,184,163.68	3,102,520	3,051,014	3,041,798
Total Program Costs	\$3,184,163.68	\$3,102,520	\$3,051,014	\$3,041,798
General Fund	3,184,163.68	3,102,520	3,051,014	3,041,798
Total Funding Costs	\$3,184,163.68	\$3,102,520	\$3,051,014	\$3,041,798
Current Level Services	3,184,163.68	3,102,520	3,051,014	3,041,798
Total Service Costs	\$3,184,163.68	\$3,102,520	\$3,051,014	\$3,041,798

Program Description

The Community College Program distributes funds appropriated by the legislature for the support of Montana's three community colleges: Miles City Community College, Flathead Valley Community College, and Dawson Community College. The 1981 Legislature implemented a funding formula developed by the Legislative Finance Committee, which is addressed in sections 20-15-310 and 20-15-312, MCA.

Issues Addressed/Legislative Intent

General fund support of the three community colleges' current unrestricted fund budgets, including audits, had been originally appropriated at 52% in the 1986-87 biennium, but

appropriation authority recisions in FY87 effectively reduced the support to 49%. The 1987 Legislature decided to reduce general fund support by another percentage to 48% for the 1988-89 biennium. Language concerning community colleges was included in HB2 that requires that 52% of approved audit costs must be paid from other than general fund and other current unrestricted funds and that audit costs may not exceed \$18,000 for each unit in the biennium.

The following factors were used to derive the total unrestricted budgets for the three community colleges. Support cost-per-FTE student was based on inflationary adjustments for operating costs and on inclusion of the full pay plan in FY87 on personal services costs.

COMMISSIONER OF HIGHER ED

FY88				
Community College	Support Factor	Student FTE Enrollment	Total Approved Operating Budget*	General Fund
Dawson	\$3,622	400	\$1,466,800	\$ 704,064
Flathead Valley	\$3,622	928	\$3,379,216	\$1,622,024
Miles	\$3,622	412	\$1,510,264	\$ 724,926
TOTAL		1,740	\$6,356,280	\$3,051,014

FY89				
Community College	Support Factor	Student FTE Enrollment	Total Approved Operating Budget*	General Fund
Dawson	\$3,642	400	\$1,456,800	\$ 699,264
Flathead Valley	\$3,642	928	\$4,379,776	\$1,622,292
Miles	\$3,642	412	\$1,500,504	\$ 720,242
TOTAL		1,740	\$6,337,080	\$3,041,798

* Includes biennial audit costs of \$18,000 per college.

The following table summarizes community college headcount and fall full-time equivalent student enrollment and budgeted enrollment for FY82 through projected FY89. Percent of actual FTE to budgeted FTE is also included.

Table 1
Community College Enrollments and Percent of FTE Supported
Fiscal Years 1982 through 1989

Community College	Fall Headcount Enrollment	Fall FTE Enrollment	Percent Budgeted Enrollment	FTE Supported
Dawson				
FY82	608	340	310	91%
FY83	690	388	310	80%
FY84	749	406	380	94%
FY85	761	462	400	87%
FY86	786	500	400	80%
FY87	589	411	400	97%
FY88	—	—	400	—
FY89	—	—	400	—
Flathead				
FY82	1,663	815	674	83%
FY83	1,808	792	651	82%
FY84	1,874	770	792	103%
FY85	1,956	853	827	97%
FY86	2,031	899	850	95%
FY87	2,004	916	850	93%
FY88	—	—	928	—
FY89	—	—	928	—
Miles				
FY82	1,091	610	466	76%
FY83	1,035	595	450	76%
FY84	1,146	634	580	91%
FY85	867	467	580	124%
FY86*	720	424	464	109%
FY87	717	403	464	115%
FY88	—	—	412	—
FY89	—	—	412	—

* Approved enrollments decreased when unapproved enrollments removed.

MUS GROUP INSURANCE PROGRAM
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	2.50	2.50
Personal Services	0.00	0	74,500	74,429
Operating Expenses	0.00	0	349,109	399,109
Benefits and Claims	0.00	0	8,316,000	8,731,800
Total Program Costs	\$0.00	\$0	\$8,739,609	\$9,205,338
Proprietary Fund	0.00	0	8,739,609	9,205,338
Total Funding Costs	\$0.00	\$0	\$8,739,609	\$9,205,338
Current Level Services	0.00	0	8,739,609	9,205,338
Total Service Costs	\$0.00	\$0	\$8,739,609	\$9,205,338

Program Description

The Montana University System Group Insurance program provides a partially self-insured insurance plan for university system employees, including all authorized affiliated group employees. Creation of the plan was authorized by the Board of Regents in June, 1984.

Issues Addressed/Legislative Intent

This program was transferred from an auxiliary fund account at the Montana College of Mineral Sciences and Technology into a proprietary fund account within the commissioner's office. The staff level for administering this program was authorized at 2.50 FTE. Staff support from the commissioner's administration program was transferred to this program in an aggregate of .65 FTE of that total. No vacancy savings was applied to personal services in this program.

TALENT SEARCH
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	6.00	6.00	6.00	6.00
Personal Services	120,620.93	116,112	121,822	121,731
Operating Expenses	37,173.07	49,360	52,532	51,886
Total Program Costs	\$157,794.00	\$165,472	\$174,354	\$173,617
Federal & Other Spec Rev Fund	157,794.00	165,472	174,354	173,617
Total Funding Costs	\$157,794.00	\$165,472	\$174,354	\$173,617
Current Level Services	157,794.00	165,472	174,354	173,617
Total Service Costs	\$157,794.00	\$165,472	\$174,354	\$173,617

Program Description

Talent Search is a federally funded program to provide career and financial aid counseling to students who are either low-income, physically handicapped, or culturally deprived. The program's objectives are to decrease the high school dropout rate in targeted high schools and to increase enrollment of disadvantaged students in Montana's post-secondary institutions.

of some agency support costs to this program and the addition of appropriation authority of \$12,236 in FY88 and \$12,188 in FY89 for recording indirect cost recovery within the state's budgeting and accounting system. (These indirect costs had been included in a separate program in the Executive Budget, but were combined into this program by legislative action. They may still be accounted separately within the program.) A 4% vacancy savings rate was applied to personal services costs of this program.

Issues Addressed/Legislative Intent

The appropriation authority for this federally-funded program increases 10% due to an increase in benefits, transfer

VO-TECH APPROP. DISTRIB. Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	Appropriated FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Transfers	0.00	0	6,823,444	6,693,710
Total Program Costs	\$0.00	\$0	\$6,823,444	\$6,693,710
General Fund	0.00	0	5,059,241	5,077,942
State Special Revenue Fund	0.00	0	956,729	808,294
Federal & Other Spec Rev Fund	0.00	0	807,474	807,474
Total Funding Costs	\$0.00	\$0	\$6,823,444	\$6,693,710
Current Level Services	0.00	0	6,823,444	6,693,710
Total Service Costs	\$0.00	\$0	\$6,823,444	\$6,693,710

Program Description

This program serves as the vehicle for transfer of state general fund, Carl Perkins federal funds, state millage and coal trust interest earnings appropriations to the vocational technical centers.

"The office of budget and program planning may establish transfer appropriations for vocational-technical centers and university units within the appropriate agency distribution program. This provision is to allow compliance with proper accounting of current unrestricted operations using the CUBA fund structure at individual units of education."

Issues Addressed/Legislative Intent

HB2 includes the following language:

(Refer to the Vo-Tech Center narrative for a breakout of State appropriated support by funding source.)

VO-TECH ADMIN. Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	Appropriated FY 1989
Full Time Equivalent Employees	.00	.00	5.00	5.00
Personal Services	0.00	0	167,837	167,635
Operating Expenses	0.00	0	63,801	74,695
Equipment	0.00	0	4,000	4,000
Grants	0.00	0	2,325,000	2,325,000
Total Program Costs	\$0.00	\$0	\$2,560,638	\$2,571,330
General Fund	0.00	0	82,319	93,165
Federal & Other Spec Rev Fund	0.00	0	2,478,319	2,478,165
Total Funding Costs	\$0.00	\$0	\$2,560,638	\$2,571,330
Current Level Services	0.00	0	2,560,638	2,571,330
Total Service Costs	\$0.00	\$0	\$2,560,638	\$2,571,330

Program Description

The 50th Legislature transferred governance of the vocational technical centers to the Board of Regents from the Superintendent of Public Instruction. HB39 also designates the Board of Regents as the sole state agency for federal vocational education requirements. The board shall contract with the Superintendent of Public Instruction for the administration and supervision of K-12 vocational education programs, services and activities allowed by the 1984 Carl D. Perkins Vocational Education Act. The board may contract with other agencies for the administration and supervision of other vocational education programs allowed by the same federal act. This program within the Office of the Commissioner of Higher Education contains the staff and operating costs to provide administrative service to the board to carry

out Vo-Tech center governance activities. It also includes the grant allocations.

Issues Addressed/Legislative Intent

House Bill 39 requires the Board of Regents to report to the 51st Legislature on the following concerns:

1. A plan for reorganization of the delivery system for all postsecondary education in Montana;
2. A long-term plan for achieving high quality) vocational-technical programs at the vocational-technical centers through the possibility of program specialization at each center;
3. The feasibility and appropriateness of closure of one or more of the vocational-technical facilities;

4. A plan for elimination of programs that serve few students;
5. A plan for consolidation of administrative functions of the individual centers which could result in cost savings and more efficient operations; and
6. The feasibility of consolidating postsecondary vocational-technical facilities and staff with nearby units of the university system.

HB39 also provides the Board of Regents \$1,454,690 for a biennial appropriation of local impact and education trust

funds to support the vo-tech centers. These funds are to be used for vo-tech center bond and interest payments in the 1988-89 biennium.

Five FTE have been funded to provide administrative support to the commissioner for vo-tech governance activities — 4.00 FTE exempt professional positions and 1.00 FTE administrative assistant. A 4% vacancy savings rate was applied.

APPROPRIATION DISTRIBUTION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Transfers	97,115,968.00	94,811,155	96,674,206	96,831,241
Total Program Costs	\$97,115,968.00	\$94,811,155	\$96,674,206	\$96,831,241
General Fund	82,731,968.00	76,762,155	83,810,006	83,925,241
State Special Revenue Fund	14,384,000.00	18,049,000	12,864,200	12,906,000
Total Funding Costs	\$97,115,968.00	\$94,811,155	\$96,674,206	\$96,831,241
Current Level Services	97,115,968.00	94,811,155	96,674,206	96,831,241
Total Service Costs	\$97,115,968.00	\$94,811,155	\$96,674,206	\$96,831,241

Program Description

The Distribution Program serves as the vehicle for transfer of general fund and millage appropriations to all units of the Montana University System.

Issues Addressed/Legislative Intent

HB 2 includes the following language:

"The office of budget and program planning may establish transfer appropriations for vocational-technical centers and university units within the appropriate agency distribution program. This provision is to allow compliance with proper accounting of current unrestricted operations using the CUBA fund structure at individual units of education."

(Refer to the University System narrative for a breakout of State appropriated support by funding source.)

GUARANTEED STUDENT LOAN PGM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	4.90	4.90	5.95	5.95
Personal Services	137,270.52	139,500	172,433	172,216
Operating Expenses	544,617.20	1,045,619	677,079	724,170
Equipment	4,631.36	10,000	4,500	10,000
Total Program Costs	\$686,519.08	\$1,195,119	\$854,012	\$906,386
Federal & Other Spec Rev Fund	686,519.08	1,195,119	854,012	906,386
Total Funding Costs	\$686,519.08	\$1,195,119	\$854,012	\$906,386
Current Level Services	686,519.08	1,195,119	854,012	906,386
Total Service Costs	\$686,519.08	\$1,195,119	\$854,012	\$906,386

Program Description

The staff of the Guaranteed Student Loan Program provide administrative coordination of the state's authorized student

loan program. The program began July 1, 1980, to make improved opportunities for education available to students by guaranteeing loans from private lending institutions.

Issues Addressed/Legislative Intent

Staff level increases by 1.05 FTE due to transfer of .05 FTE from the commissioner's administration program and the addition of a program consultation and assessment specialist who will assist in the review of schools and lenders in the GSL program and provide workshops and training sessions for school and lender financial aid personnel. A 4% vacancy savings rate was applied to personal services costs of this program. Operating expenses increase due to increased insurance and overhead charges as well as to increased travel, printing and data processing costs associated with

expanded loan volume. Service fees for loans increased by approximately \$100,000 from base year expenditures. Fees are calculated on the basis of .003 of the outstanding loan value. The following are the 1986-87 biennium and projected loan values, in million dollars, for the program:

	FY86	FY87	FY88	FY89
Loan Value	\$150	\$160	\$175	\$200

Equipment purchases funded in the 1988-89 biennium include computer equipment, a copy machine and office furnishings. This program is totally federally funded.

The 1988-89 biennium current unrestricted fund appropriations for the university system were derived by using both the incremental budgeting process and the formula budget method developed by the Legislative Finance Committee in 1982. The formula method was employed for the two programs that are directly influenced by student enrollment — Instruction and Support. The instruction program funds a computational average for faculty salaries and the personal services and operational costs of their direct support staff. The support program combines three subprograms used by all six university system units: academic support, institutional support, and student services. The scholarships and fellowships program, which compensates the units for student fee revenue forgone to meet mandatory and discretionary waiver criteria, is derived on the basis of projected resident and non-resident enrollment patterns. The programs of the six units that were budgeted incrementally off base year expenditures are: operation and maintenance of physical plant, organized research, and public service. The Bureau of Mines and Geology and three other university system research and service agencies were also budgeted using the incremental method: the Agricultural Experiment Station, the Cooperative Extension Service and the Montana Forest and Conservation Experiment Station.

Issues Addressed/Legislative Intent

EXPENDITURES

Incremental Budgets

Incremental programs and agency budgets were established by including specific inflation factors for selected budget items, such as utilities, state mainframe computer costs, and some communication costs. There were no general annual inflation factors applied to operating costs as a whole. Personal services costs were inflated by the full amount of the 1987 biennium pay plan. Vacancy savings of 4% were applied to personal services costs of all incremental agencies/programs with 20 or more FTE, with the exception of 90 faculty on the staff of the Agricultural Experiment Station, for whom a 2% rate was applied.

Enrollment Projections

Because the formula programs are enrollment-driven, enrollment projections for the 1988-89 biennium are critical to the budget process. For all agencies with the exception of Montana College of Mineral Science and Technology (TECH), the Legislative Fiscal Analyst projections for student enrollment on a fiscal year basis (fiscal year full-time equivalent, FYFTE) were adopted. The legislature approved the establishment of a set student enrollment for TECH of 1,550 FYFTE per year in order to provide a stable base of funding for the specialty engineering programs provided by the institution. (This represents an increase of 66 FYFTE in FY88 and 194 in FY89 over projected enrollments.) The following table shows budgeted enrollments for the 1986-87 and 1988-89 biennia and the biennial change.

Table 1
Funded Student FYFTE Enrollments
1986-87 and 1988-89 Biennia

UNIT	FY86	FY87	FY88	FY89	Biennial Change
MSU	10,382	10,211	9,403	9,248	-9.4%
UM	8,183	8,099	7,996	8,008	-1.7%
EMC	3,516	3,494	3,199	3,198	-8.7%
NMC	1,737	1,737	1,702	1,730	-1.2%
WMC	875	873	916	905	+4.2%
TECH	1,843	1,837	1,550	1,550	-15.8%
	<u>26,536</u>	<u>26,251</u>	<u>24,766</u>	<u>24,639</u>	<u>-6.4%</u>

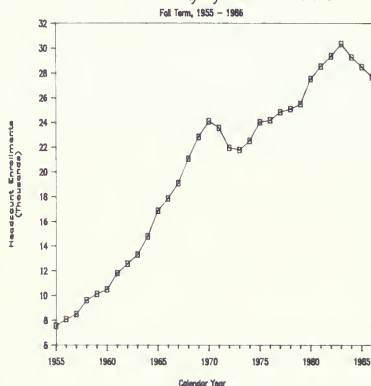
Historically, student enrollments have risen sharply through the 1950's and 1960's. There was a marked decline in enrollment during the early 70's and an upturn for ten years from 1973 to 1983. Since that time, enrollments have continued to decline on a system-wide basis. The following table and graph show total student enrollment from 1955 through 1986.

Table 2
Montana University System Enrollment
Fall Term, 1955 - 1986

Calendar Year	Headcount Enrollment	Calendar Year	Headcount Enrollment
1955	7,554	1971	23,562
1956	8,091	1972	21,946
1957	8,504	1973	21,768
1958	9,608	1974	22,518
1959	10,115	1975	24,044
1960	10,478	1976	24,195
1961	11,806	1977	24,863
1962	12,570	1978	25,100
1963	13,324	1979	25,514
1964	14,797	1980	27,543
1965	16,882	1981	28,547
1966	17,882	1982	29,371
1967	19,105	1983	30,348
1968	21,077	1984	29,288
1969	22,832	1985	28,503
1970	24,112	1986	27,684

Data from Office of the Commissioner of Higher Education,
January 15, 1987

Montana University System Enrollment



Formula Budgets

The formula budget process for the instruction and support programs considers student enrollment, type of course work and resultant faculty demand, and a cost-per-student for the academic, institutional and student services provided by the units. The formula budgets represent approximately 81% of the units' total budgets in the 1988-89 biennium.

The legislature approved the instruction program at 99% of the formula-generated amount for both years of the biennium. No vacancy savings was applied to personal services

in the program. The instruction program accounts for 54% of the units' appropriation in FY88 and 53% in FY89.

Due to a 6.4% budgeted enrollment decline, the number of budgeted faculty supported by the funded formula in the 1988-89 biennium is 6% lower than the number supported in the 1986-87 biennium. The number of budgeted faculty (which includes academic year and summer session faculty and graduate teaching assistants) is determined by applying a course-driven student/faculty ratio to the approved enrollment projections. The number of budgeted faculty supported by the formula may or may not correspond to the actual number of faculty employed at the units. Table 3 compares the level of budgeted faculty in the 1986-87 and 1988-89 biennia.

Table 3
Comparison of Budgeted Faculty
1986-87 and 1988-89 Biennia

UNIT	FY86	FY87	FY88	FY89	Biennial Change
MSU	572.64	563.21	528.26	519.55	-7.8%
UM	433.88	429.43	423.29	423.93	-1.9%
EMC	183.03	181.88	166.53	166.48	-8.7%
NMC	116.66	116.66	111.68	113.52	-3.5%
WMC	57.15	57.02	59.67	58.96	+3.9%
TECH	114.19	104.73	88.77	88.77	-18.9%
	<u>1,477.55</u>	<u>1,452.93</u>	<u>1,378.20</u>	<u>1,371.21</u>	<u>-6.2%</u>

It should be noted that, due to the financial commitment of existing individual employment contracts with faculty, the lack of funding for the full pay plan in the 1986-87 biennium and the absence of a pay plan for the 1988-89 biennium, even these budgeted faculty numbers may be higher than can actually be supported, despite the fact that the formula for instruction is funded at 99% going into the 1988-89 biennium.

Faculty compensation used in formula computations were derived by inflating 1986-87 biennium average faculty salaries by the amount of the full 1986-87 biennium pay plan, despite the fact that the full pay plan was not funded in FY87. The faculty salary base for MSU and UM is \$30,986 per year; \$27,722 for EMC; \$27,495 for NMC and WMC; and \$29,996 for TECH. Separate benefit rates were used for each institution, for faculty salaries in summer session and graduate assistant benefits. The following support rates were multiplied times student enrollments to derive the level of instructional support staff, operating and equipment budgets:

UNIT	FY88	FY89
MSU	\$633.30	\$633.92
UM	\$494.68	\$495.16
EMC	\$409.75	\$410.15
NMC	\$466.97	\$467.42
WMC	\$531.69	\$532.21
TECH	\$633.30	\$633.92

The legislature approved the support program at 91% of the formula-generated amount in FY88 and 92% in FY89. No vacancy savings was applied to personal services. The support program accounts for 28% of the units' appropriation in FY88 and 29% in FY89.

Support costs-per-student were designed to provide comparability of support subsidization in the university system with its "peer" institutions. The "comparable" support costs on which the formula for the support program is based were initially set in 1980 and have been merely inflated each year since. The support rates used for each year of the 1988-89 biennium are: \$1,396 for MSU and UM; \$1,387 for EMC, NMC and WMC; and \$1,650 for TECH.

High headcount adjustments are made to the support program to provide additional support for provision of standard minimum services to less than full-time students, e.g., registration services, student counseling, etc. The adjustments are calculated on the basis of part-time to full-time enrollees. All units except NMC had sufficiently high proportions of part-time students to warrant the adjustments. The following lists the high headcount adjustments added to the support program for the 1988-89 biennium:

UNIT	FY88	FY89
MSU	\$ 63,370	\$ 62,422
UM	101,271	101,610
EMC	71,370	71,494
NMC	0	0
WMC	12,692	12,564
TECH	31,345	31,406
	<u>\$ 280,048</u>	<u>\$ 279,496</u>

Support is provided for a portion of each unit's biennial audit costs, including their portions of the statewide audit. Fifty percent of audit costs for MSU and UM are supported with current unrestricted funds — the other 50% must come from other sources. Current unrestricted funds support 75% of the audit costs of the other four units.

The legislature approved limited modifications to current level expenditures for the units. A total of \$369,369 in FY88 and of \$375,426 was added for new space costs at MSU, UM and TECH, security personnel at NMC and for a system-wide hazardous waste management program. Startup costs for a spring wheat breeding and biotechnology program at Agricultural Experiment Station were funded with \$160,000 of general fund for the biennium. Several additional appropriation bills were passed to provide funding for the UM's Yellow Bay biological station on Flathead Lake, startup of the satellite extension of the UM's MBA program to EMC, and a Montana travel research program at UM. These bills add an additional \$163,000 of general fund, \$150,000 of state special revenue, and 2.45% of total accommodations tax collections on an annual basis.

FUNDING

General Fund

General fund support of the six major units of the university system is \$146.4 million for the biennium — approximately 20% of the total general fund in the General Appropriations Act of 1987. (Higher education as a whole received 25% of the state general fund budget.) General fund support of current unrestricted fund is 64% of the total — up 1% over the 1986-87 biennium. This results from the decrease in the percent of indirect cost recovery funds supporting current unrestricted fund.

Tuition and Fees

The tuition levels approved by the Board of Regents in 1987 generated the tuition levels and the costs of the scholarships and fellowships for the 1988-89 biennium enrollments. This includes the \$2 surcharge enacted in 1987. Tuition and fee revenues account for 23.5% of current unrestricted fund for the biennium. This is roughly the level of tuition and fee support appropriated in FY87.

Because projected nonresident enrollment may not materialize at the level projected in deriving tuition and fee revenues, both the UM and MSU have language included in the General Appropriations Act of 1987 that permits them to request a supplemental appropriation in the biennial interim if tuition and fee revenues do not reach the levels specified.

Millage

The six mill levy on the total Montana taxable valuation that is statutorily dedicated to supporting higher education was appropriated for \$12,864,200 in FY88 and for \$12,906,000 in FY89. Any revenues collected in excess of those amounts will cause a reversion of general fund of a like amount. A referendum to continue the levy beyond its January, 1989, sunset is to be submitted to the electorate.

Indirect Cost Recovery

Revenues received by the units from federal and state research contracts to defray institutional costs of supporting those research activities have been appropriated at 50% of projected receipts for support of the current unrestricted fund. This is down from the 85% that had been appropriated in the 1983 and 1985 legislative sessions. Indirects now account for just about 1% of total current unrestricted fund appropriation.

Specific language is included in the General Appropriations Act of 1987 that requires each unit to report in writing to the Legislative Finance Committee by October 14, 1988, on how all indirect cost recovery revenues in excess of the amounts appropriated to the current unrestricted operating subfund account were spent in FY88.

The following is a listing of the indirect cost recovery projections and appropriated amounts (in million dollars) for the 1986-87 and 1988-89 biennia:

	FY86	FY87	FY88	FY89
Projected Total	\$1.887	\$1.887	\$2.272	\$2.272
Appropriated	1.604	1.604	1.136	1.136
Percent approp.	85%	85%	50%	50%

Other Funds

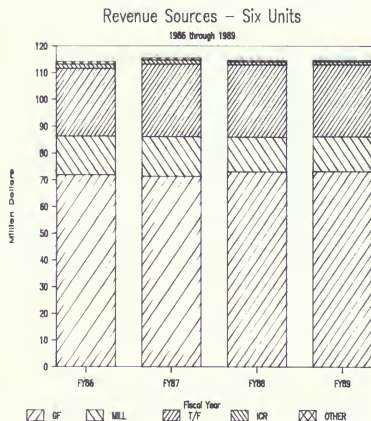
Miscellaneous revenues available to the units for general operating expenses were appropriated for current unrestricted fund support. These revenues account for less than 1% of the current unrestricted fund appropriations.

The following table and graph compares the proportionate support by revenue sources of current unrestricted fund between the 1986-87 and 1988-89 biennia.

Table 4
Comparison of Revenue Sources Supporting
the Six University System Units'
Current Unrestricted Fund Appropriations
1986-87 and 1988-89 Biennia
(In million dollars)

Revenue Source	FY86	FY87	FY88	FY89	Biennial Change
General Fund	\$ 71.899	\$ 71.376	\$ 73.102	\$ 73.255	+ 3.1%
Millage	14.384	14.669	12.864	12.906	-11.3%
Tuition/fees	25.335	27.154	27.050	26.911	+ 2.8%
Indirect Costs	1.604	1.604	1.136	1.136	-29.2%
Other	.929	.662	.480	.470	-40.3%
Total	<u>\$114.151</u>	<u>\$115.465</u>	<u>\$114.632</u>	<u>\$114.678</u>	<u>-0.3%</u>

NOTE: 1986-87 biennium general fund figures reflect recision of budget authority: 2% in FY86, 7% in FY87 plus the 2% of millage that was rescinded that the system chose to take from general fund authority.



biennia (information from tables 1 and 4) and graph 2 depicts that information in stacked bar graph form. Total state support per budgeted FYFTE student (general fund and millage) increases 7% between the 1986-87 biennium and the 1988-89 biennium.

Table 5
Support per Budgeted FYFTE Student by Funding Source
1986-87 and 1988-89 Biennia

Revenue Source	FY86	FY87	FY88	FY89	Biennial Change
General Fund	\$2,709	\$2,719	\$2,952	\$2,973	+ 9.2%
Millage	542	559	519	524	- 5.3%
Tuition/fees	955	1,034	1,092	1,092	+ 9.8%
Indirect Costs	60	64	46	46	-24.0%
Other	35	25	19	19	-36.7%
Total	<u>\$4,302</u>	<u>\$4,398</u>	<u>\$4,628</u>	<u>\$4,654</u>	<u>+ 6.7%</u>

The table on the following page details the revenue sources for all of higher education with the exception of the Board of Regents and the programs funded through the Office of the Commissioner of Higher Education. It includes only HB2 appropriated amounts.

Table 5 lists appropriated dollars per budgeted FYFTE student by funding sources for the 1986-87 and 1988-89

UNIVERSITY SYSTEM

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FY88						
UNIT	GENERAL FUND	STATE SPECIAL	FEDERAL/ICR	TUITION/FEES	OTHER	TOTAL
MSU	\$27,869,274	\$5,081,359	\$726,471	\$10,311,269	\$260,000	\$44,248,373
UM	\$22,849,160	\$3,910,717	\$270,588	\$9,309,679	\$110,000	\$36,450,144
EMC	\$8,403,004	\$1,672,347	\$61,765	\$3,200,081	\$25,000	\$13,362,197
NMC	\$5,511,019	\$771,852	\$14,118	\$1,562,965	\$5,000	\$7,864,954
WMC	\$3,084,480	\$411,654	\$10,588	\$877,452	\$5,000	\$4,389,174
TECH	\$5,385,332	\$1,016,271	\$52,941	\$1,788,913	\$75,000	\$8,318,457
Subsum	\$73,102,269	\$12,864,200	\$1,136,471	\$27,050,359	\$480,000	\$114,633,299
AES	\$6,204,968	\$710,954	\$1,673,303	\$0	\$0	\$8,589,225
CES	\$2,526,384	\$0	\$1,829,268	\$0	\$0	\$4,355,652
FCES	\$643,535	\$0	\$0	\$0	\$0	\$643,535
BM&G	\$1,232,850	\$53,000	\$0	\$0	\$0	\$1,285,850
Subsum	\$10,607,737	\$763,954	\$3,502,571	\$0	\$0	\$14,874,262
TOTAL	\$83,710,006	\$13,628,154	\$4,639,042	\$27,050,359	\$480,000	\$129,507,561

FY89						
UNIT	GENERAL FUND	STATE SPECIAL	FEDERAL/ICR	TUITION/FEES	OTHER	TOTAL
MSU	\$27,620,172	\$5,097,870	\$726,471	\$10,143,440	\$250,000	\$43,837,953
UM	\$23,112,841	\$3,923,424	\$270,588	\$9,323,650	\$110,000	\$36,740,503
EMC	\$8,464,391	\$1,677,780	\$61,765	\$3,199,081	\$25,000	\$13,428,017
NMC	\$5,607,269	\$774,360	\$14,118	\$1,588,678	\$5,000	\$7,989,425
WMC	\$3,048,273	\$412,992	\$10,588	\$866,915	\$5,000	\$4,343,768
TECH	\$5,402,516	\$1,019,574	\$52,941	\$1,788,913	\$75,000	\$8,338,944
Subsum	\$73,255,462	\$12,906,000	\$1,136,471	\$26,910,677	\$470,000	\$114,678,610
AES	\$6,257,135	\$710,954	\$1,673,303	\$0	\$0	\$8,641,392
CES	\$2,534,167	\$0	\$1,829,268	\$0	\$0	\$4,363,435
FCES	\$644,954	\$0	\$0	\$0	\$0	\$644,954
BM&G	\$1,233,523	\$53,000	\$0	\$0	\$0	\$1,286,523
Subsum	\$10,669,779	\$763,954	\$3,502,571	\$0	\$0	\$14,936,304
TOTAL	\$83,925,241	\$13,669,954	\$4,639,042	\$26,910,677	\$470,000	\$129,614,914

Tuition/fee revenue includes \$174,000/yr from law and pharmacy fees at UM and \$130,000/yr from architecture fees at MSU.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	872.98	891.80	776.45	776.45
Personal Services	26,546,838.46	24,888,607	26,714,700	26,721,943
Operating Expenses	8,500,925.43	9,000,885	8,892,313	9,014,852
Equipment	881,879.39	1,687,514	993,131	1,003,708
Capital Outlay	896.00	35,289	0	0
Debt Service	26,020.08	0	0	0
Total Agency Costs	\$35,956,559.36	\$35,612,295	\$36,600,144	\$36,740,503
Current Unrestricted Fund	35,956,559.36	35,612,295	36,600,144	36,740,503
Total Funding Costs	\$35,956,559.36	\$35,612,295	\$36,600,144	\$36,740,503
Current Level Services	35,956,559.36	35,612,295	36,600,144	36,740,503
Total Service Costs	\$35,956,559.36	\$35,612,295	\$36,600,144	\$36,740,503

Agency Description

The University of Montana was chartered by the Montana Legislature in 1893. It now offers more than 40 major programs of study, about 15 inter-disciplinary programs at the undergraduate level, master's degree programs in more than 40 fields, and the Ph.D. degree in ten: botany, chemistry (including biochemistry), forestry, geology, history, mathematics, microbiology, psychology, sociology and zoology. It also offers the Doctor of Education degree and a graduate professional degree (Juris Doctor) in law.

The core of the university is its College of Arts and Sciences. Complementing the college's programs are the graduate school and seven professional schools: Business Administration, Education, Fine Arts, Forestry, Journalism, Pharmacy and Allied Health Sciences, and Law.

In addition to research facilities within the schools and departments, the university maintains a number of specialized laboratories, institutes and research facilities: the Yellow Bay Biological Station; Montana Forest and Conservation Experiment Station; Animal Behavior Laboratory; Institute for Social Research; Lubrecht Forest facilities for research and teaching; Wood Chemistry Laboratory; Bureau of Government Research; Bureau of Business and Economic Research; Bureau of Educational Research and Services; Stella Duncan Memorial Institute for Biomedical Research; Water Resources Research Program; Geology Field and Research Station at Dillon; the Speech, Hearing and Language Clinic; Montana Criminal Law Information Research Center and Montana Defender Project; Earthquake Laboratory; the Computer Center; the Environmental Studies Laboratory of the Botany Department; and the Wilderness Institute.

The University of Montana has primary responsibility for graduate instruction in business, the arts, humanities, social science and behavioral science, and shares this responsibility in the physical and biological sciences and the allied health professions. The programs in law, forestry, pharmacy, journalism, physical therapy and communication disorders are unique in the University System.

Issues Addressed/Legislative Intent

The current unrestricted fund biennial support of the University of Montana (UM) increased 2% over the base year expenditure level, despite a 2% decrease in budgeted student

enrollment. General fund support of current unrestricted fund is 63% per year, up 1% over the 1986-87 biennium, exclusive of its pay plan. Staff levels show a decline for this agency due to a combination of some FTE reductions of the 1986-87 biennium continued into the 1988-89 biennium and of listing only the funded level of FTE in the instruction and support programs, rather than an estimate of actual FTE for those formula programs.

The Board of Regents decided to administratively merge Western Montana College with the University of Montana effective July 1, 1988. Both units will maintain separate budgets and appropriations throughout the 1988-89 biennium.

Language was included in HB2 concerning potential tuition and fee revenue support of the appropriated expenditure level for the UM:

"If gross actual nonresident incidental fee revenues, reduced by 18.45 percent for nonresident waivers, are less than \$1,748,796 for fiscal 1988 and less than \$1,751,420 for fiscal 1989, the university of Montana may request a supplemental for the difference."

This language addressed the unit's concern that the tuition and fee revenue had been overstated due to anticipated decline in nonresident enrollments during the 1988-89 biennium greater than accounted for in the revenue projections.

The legislature appropriated 50% of the unit's projected indirect cost recovery for support of the current unrestricted fund in the 1988-89 biennium, down from 85% in the 1986-87 biennium. Language is included in HB2 concerning the remaining collections:

"All indirect cost reimbursement not expended in the current unrestricted operating subfund account must be clearly identified and separately accounted for during the 1989 biennium. Each university system unit shall submit a written report to the legislative finance committee by October 14, 1988, of the activities supported and accomplishments achieved with all indirect cost reimbursements expended in funds other than the current unrestricted operating subfund for fiscal 1988."

The legislature decided to no longer support the Montana Criminal Law Information Research Center (MONTCLIRC), which had been funded in UM's research program for the 1986-87 biennium. Support was added for

new instructional and administrative space in renovated Corbin Hall. Funds were also appropriated to support the UM's share of the system-wide hazardous waste management project. The effect of these adjustments to the expenditure base is a net increase of \$58,281 in FY88 and \$62,832 in FY89.

Other Appropriation Bills

HB787 funded satellite extension of the UM's MBA program at Eastern Montana College. HB599 provides funds for the biological station at Yellow Bay on Flathead Lake. HB84 includes funding for a Montana travel research program. The biennial increase from these bills is \$313,000 and 2.45% of total accommodations tax collections.

INSTRUCTION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	525.18	549.16	422.60	422.60
Personal Services	17,456,248.63	15,983,836	17,595,851	17,650,885
Operating Expenses	1,349,764.58	1,791,274	1,447,270	1,451,800
Equipment	71,685.15	380,781	100,665	101,024
Debt Service	17,143.20	0	0	0
Total Program Costs	\$18,894,841.56	\$18,155,891	\$19,143,786	\$19,203,709
Current Unrestricted Fund	18,894,841.56	18,155,891	19,143,786	19,203,709
Total Funding Costs	\$18,894,841.56	\$18,155,891	\$19,143,786	\$19,203,709
Current Level Services	18,894,841.56	18,155,891	19,143,786	19,203,709
Total Service Costs	\$18,894,841.56	\$18,155,891	\$19,143,786	\$19,203,709

Program Description

The objective of the Instruction Program is to provide educational activities directed primarily at the production of credits which satisfy the various curricula requirements leading toward a post-secondary degree. The category also includes expenditures for academic administration where the primary assignment is administration (academic deans).

Issues Addressed/Legislative Intent

The instruction program is funded at 99% of the formula-generated level of state support. No vacancy savings was applied to any personal services. The number of budgeted faculty supported by the formula in the 1988-89 biennium may or may not correspond to the actual FTE employed by the agency in the program.

The number of budgeted FYFTE students is 7,996 in FY88 and 8,008 in FY89. The average faculty salary used in calculation of faculty compensation is \$30,986, which includes the unfunded pay plan in FY87 in the base. The rate per FYFTE student used to calculate instructional support costs

is \$494.68 in FY88 and \$495.16 in FY89. Additional current unrestricted fund authority was allowed in the instruction program in the amount of \$174,000 per year to incorporate the special fees paid by students in the schools of law and of pharmacy. This authority has been line-itemed in HB2. The authority for the special fees is based on projected enrollments generating an additional \$673 per year per student in law and an additional \$300 per year per student in pharmacy. It does not include the raises in those special fees to \$1,200 in law and \$1,000 in pharmacy or the new \$1,000 per year special fee added to the physical therapy program for juniors and seniors which were approved by the Board of Regents at their April 28, 1987, meeting.

Other Appropriation Bills

HB787 appropriates \$163,000 of general fund in FY88 to the Board of Regents to fund the extension by satellite of the university's Master of Business Administration program to the Billings, Montana, area in cooperation with Eastern Montana College. The funds will be transferred from the board to UM in FY88.

ORGANIZED RESEARCH
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	11.15	12.16	13.16	13.16
Personal Services	437,511.42	297,482	449,901	311,202
Operating Expenses	166,954.01	187,533	134,553	124,532
Equipment	26,938.45	11,682	10,800	10,800
Total Program Costs	\$631,403.88	\$496,697	\$595,254	\$446,534
Current Unrestricted Fund	631,403.88	496,697	595,254	446,534
Total Funding Costs	\$631,403.88	\$496,697	\$595,254	\$446,534
Current Level Services	631,403.88	496,697	595,254	446,534
Total Service Costs	\$631,403.88	\$496,697	\$595,254	\$446,534

Program Description

This program includes all funds expended for activities specifically organized for research purposes and commissioned either by an agency outside of the institution or separately budgeted by an organizational unit within the institution.

Issues Addressed/Legislative Intent

The current unrestricted fund support of the research program at UM decreases by approximately 29% from base year expenditures. This results from the removal from the base of about \$110,000 for expenditures above the appropriated level for FY86 and the decision of the legislature to no longer fund the Montana Criminal Law Information Research Center (MONTCLIRC) program — a reduction of 2.00 FTE and \$72,925 per year. No vacancy savings was applied to personal services.

Other Appropriation Bills

HB84 establishes an accommodation tax and statutorily appropriates 2.5% of 98% of quarterly collections to the university system for the establishment and maintenance of a Montana travel research program. The Board of Regents designated UM as the recipient of those funds to conduct the required activities.

HB599 provides a \$150,000 biennial appropriation to fund the acquisition of equipment and the hiring of scientific and administrative personnel for the UM's biological station at Yellow Bay on the Flathead Lake. This will fund an aggregate 3.00 FTE contract professional and graduate research assistants and operating expenses. Funding is \$100,000 general fund and \$50,000 from license fee revenues of the Department of Fish, Wildlife and Parks.

PUBLIC SERVICE
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	5.54	4.51	4.51	4.51
Personal Services	169,774.35	149,530	161,043	161,043
Operating Expenses	40,487.38	45,555	34,079	34,091
Equipment	1,021.53	0	770	770
Total Program Costs	\$211,283.26	\$195,085	\$195,892	\$195,904
Current Unrestricted Fund	211,283.26	195,085	195,892	195,904
Total Funding Costs	\$211,283.26	\$195,085	\$195,892	\$195,904
Current Level Services	211,283.26	195,085	195,892	195,904
Total Service Costs	\$211,283.26	\$195,085	\$195,892	\$195,904

Program Description

The objective of the Public Service Program is to assist the community and state in community planning and development, urban planning, professional certification, natural resources, business, education, agriculture, industry, health and recreation. This program includes all funds budgeted specifically for extension and public service and expended for activities established primarily to provide noninstructional services to groups outside the institution.

Such activities include seminars, projects, and support of various organizations established to provide services to the community.

Issues Addressed/Legislative Intent

The current unrestricted fund support for UM's public service program declines by 7% over the base year expenditure level. This results from a reduction of .75 FTE and removal of a program transfer of \$20,490 from the base year

expenditure. No vacancy savings was applied to this program.

OPERATION & MAINT OF PLANT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	Appropriated FY 1989
Full Time Equivalent Employees	62.58	65.06	68.43	68.43
Personal Services	1,577,168.99	1,205,995	1,490,785	1,493,819
Operating Expenses	3,656,016.54	3,572,672	3,833,198	3,972,004
Equipment	68,987.93	249,537	65,000	65,000
Capital Outlay	896.00	35,289	0	0
Debt Service	3,689.88	0	0	0
Total Program Costs	\$5,306,759.34	\$5,063,493	\$5,388,983	\$5,530,823
Current Unrestricted Fund	5,306,759.34	5,063,493	5,388,983	5,530,823
Total Funding Costs	\$5,306,759.34	\$5,063,493	\$5,388,983	\$5,530,823
Current Level Services	5,306,759.34	5,063,493	5,388,983	5,530,823
Total Service Costs	\$5,306,759.34	\$5,063,493	\$5,388,983	\$5,530,823

Program Description

This program includes all expenditures of current funds for the operation and maintenance of the physical plant, except for amounts charged to auxiliary enterprises and hospitals. It does not include expenditures made from the institutional plant fund accounts. It includes all expenditures for operations established to provide services and maintenance related to campus grounds and facilities, utilities, property insurance, fire protection, and similar items.

Issues Addressed/Legislative Intent

The 1988-89 biennium current unrestricted fund support of UM's physical plant program increases by approximately 3% over the base level of expenditure. Base adjustments were

made for inflation on utilities, to meet a \$22,000 water rate increase and an increase of \$19,075 in insurance costs. A 4% vacancy savings rate was applied to personal services. Staff increases by 3.37 new FTE over budgeted FY87 base level. (NOTE: FY86 personal services figures are inflated by \$81,297 of non-budgeted sick and annual leave payout liability.)

General fund support of \$103,311 in FY88 and \$107,862 in FY89 was provided for maintenance, utilities and 2.62 FTE for remodeled space in Corbin Hall that has been converted to instructional and support offices.

UM's share of the system-wide hazardous waste management activities is supported by general fund of \$27,895 per year and the addition of .75 FTE.

SCHOLARSHIPS & FELLOWSHIPS PGM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	Appropriated FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	897,737.66	996,102	983,741	985,218
Total Program Costs	\$897,737.66	\$996,102	\$983,741	\$985,218
Current Unrestricted Fund	897,737.66	996,102	983,741	985,218
Total Funding Costs	\$897,737.66	\$996,102	\$983,741	\$985,218
Current Level Services	897,737.66	996,102	983,741	985,218
Total Service Costs	\$897,737.66	\$996,102	\$983,741	\$985,218

Program Description

This program applies only to funds given in the form of outright grants and trainee stipends to individuals enrolled in formal course work. Scholarships include: outright grants-in-aid; trainee stipends; tuition and fee waivers; and prizes to undergraduate students. Fellowships include outright grants-in aid and trainee stipends to graduate students, but not

funds for which services to the institution must be rendered (e.g., payments for teaching).

Issues Addressed/Legislative Intent

The level of funded fee waivers for UM was determined on the basis of projected enrollments of 7,996 FYFTE students in FY88 and 8,008 in FY89. Anticipated in-state registra-

tion and incidental fees to be waived are based on an assumption of 5.75% of total in-state student collections;

non-resident fees waived assumes 18.45% of non-resident fee collections.

SUPPORT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	Appropriated FY 1989
Full Time Equivalent Employees	268.53	260.91	267.75	267.75
Personal Services	6,906,135.07	7,251,764	7,017,120	7,104,994
Operating Expenses	2,389,965.26	2,407,749	2,459,472	2,447,207
Equipment	713,246.33	1,045,514	815,896	826,114
Debt Service	5,187.00	0	0	0
Total Program Costs	\$10,014,533.66	\$10,705,027	\$10,292,488	\$10,378,315
Current Unrestricted Fund	10,014,533.66	10,705,027	10,292,488	10,378,315
Total Funding Costs	\$10,014,533.66	\$10,705,027	\$10,292,488	\$10,378,315
Current Level Services	10,014,533.66	10,705,027	10,292,488	10,378,315
Total Service Costs	\$10,014,533.66	\$10,705,027	\$10,292,488	\$10,378,315

Program Description

The Support Program includes funds for activities designed to support three functions of the institution: academic programs, student services and administrative services.

Academic support - These activities include the retention, preservation and display of materials and the provision of services that directly assist the academic functions of the institution. This category includes libraries, museums and galleries, audio/visual services, academic administration and personnel development, and course and curriculum development.

Student services - These activities include admissions, registrar activities, counseling and career guidance, helping students obtain financial aid, student admissions and records, and supplementary educational services.

Administrative services - These activities include the operational support for the day-to-day functioning of the institution and include executive and fiscal management, general administrative services, logistical services, and community relations.

Issues Addressed/Legislative Intent

The support program is funded at 91% of the formula-generated level of state support in FY88 and at 92% in FY89. No vacancy savings was applied to personal services. The support cost per FYFTE student used to calculate program expenditure levels is \$1,396 per year. Biennial audit costs, including the institution's portion of the statewide audit, are supported at 50% general fund and current unrestricted funds and 50% from other than current unrestricted funds.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	1,160.99	1,073.71	963.00	963.00
Personal Services	34,647,695.55	33,539,078	32,999,269	32,619,224
Operating Expenses	9,112,750.89	9,239,659	9,829,594	9,906,369
Equipment	1,245,948.50	1,670,601	1,319,510	1,312,360
Capital Outlay	50,775.43	185,920	0	0
Transfers	13,354.00	0	0	0
Debt Service	57,247.06	0	100,000	0
Total Agency Costs	\$45,127,771.43	\$44,635,258	\$44,248,373	\$43,837,953
Current Unrestricted Fund	45,127,771.43	44,635,258	44,248,373	43,837,953
Total Funding Costs	\$45,127,771.43	\$44,635,258	\$44,248,373	\$43,837,953
Current Level Services	45,127,771.43	44,635,258	44,248,373	43,837,953
Total Service Costs	\$45,127,771.43	\$44,635,258	\$44,248,373	\$43,837,953

Agency Description

Montana State University was founded in 1893 as the Agricultural College of the State of Montana.

Instruction leading to the bachelor's degree is offered in 45 fields, with graduate instruction in 34 fields at the master's level and in 19 fields at the doctoral level. The academic program emphasizes the professions of agriculture, architecture, business, engineering, education and nursing, along with strong support from the arts, humanities, biological, physical and social sciences. Degree programs in biological, physical and social sciences are offered and in addition contribute significantly to the professional curricula. The university has a major role in the integration and development of health professional education and research. The professional programs in agriculture, nursing, architecture and medicine are unique in the University System.

The research programs and specialized facilities of the university include the Agricultural Experiment Stations at eight locations in the state; the Engineering Experiment Station; Computing Center; Museum of the Rockies; Institute of Applied Research; Foothills Nature Area; Statistical Center; Montana University Joint Water Resources Research Center; and the Bureau of Educational Research and Field Services. Major research areas include agriculture, engineering, and the biomedical and physical sciences with large programs in land reclamation and magnetohydrodynamics (MHD).

The Cooperative Extension Service is attached to the university. Financial support for its operation comes from county, state and federal governments. County agents and specialists channel information to Montanans to aid in solving home, farm and community problems. The Continuing Education Program extends the educational facilities of the university to the citizens of the state by providing off-campus instruction in the form of courses, institutes and conferences for individuals not regularly enrolled at Montana State University.

Issues Addressed/Legislative Intent

The current unrestricted fund biennial support of Montana State University (MSU) increased 2% over the base year

expenditure level, despite a 9% decrease in budgeted student enrollment. General fund support of current unrestricted fund is 63% per year, up 1% over the 1986-87 biennium. Staff levels show a decline due to a combination of FTE reductions of the 1986-87 biennium continued into the 1988-89 biennium and of listing only the funded level of FTE in the instruction and support programs, rather than an estimate of actual FTE for those formula programs.

Language was included in HB2 concerning potential tuition and fee revenue support of the appropriated expenditure level for MSU:

"If gross actual nonresident incidental fee revenues, reduced by 18.45 percent for nonresident waivers, are less than \$1,631,995 for fiscal 1988 and less than \$1,605,092 for fiscal 1989, Montana state university may request a supplemental for the difference."

This language addressed the unit's concern that the tuition and fee revenue had been overstated in the revenue projections, which did not project as great a decline in nonresident enrollments as projected by the unit.

The legislature appropriated 50% of the unit's projected indirect cost recovery for support of the current unrestricted fund in the 1989 biennium, down from 85% in the 1986-87 biennium. Language is included in HB2 concerning the remaining collections:

"All indirect cost reimbursement not expended in the current unrestricted operating subfund account must be clearly identified and separately accounted for during the 1989 biennium. Each university system unit shall submit a written report to the legislative finance committee by October 14, 1988, of the activities supported and accomplishments achieved with all indirect cost reimbursements expended in funds other than the current unrestricted operating subfund for fiscal 1988."

Adjustments to the expenditure base were made to support new space in the Health and Physical Education building, to fund MSU's share of the system-wide hazardous waste management activities, and to support the Museum of the Rockies in the 1988-89 biennium. The adjustments total \$188,816 in FY88 and \$90,322 in FY89.

INSTRUCTION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	718.69	659.00	537.81	537.81
Personal Services	22,989,740.00	21,902,151	22,745,308	22,404,051
Operating Expenses	2,040,304.84	2,199,435	2,114,852	2,082,939
Equipment	144,478.11	405,157	4,947	4,873
Capital Outlay	6,418.06	0	0	0
Debt Service	10,435.70	0	0	0
Total Program Costs	\$25,191,376.71	\$24,506,743	\$24,865,107	\$24,491,863
Current Unrestricted Fund	25,191,376.71	24,506,743	24,865,107	24,491,863
Total Funding Costs	\$25,191,376.71	\$24,506,743	\$24,865,107	\$24,491,863
Current Level Services	25,191,376.71	24,506,743	24,865,107	24,491,863
Total Service Costs	\$25,191,376.71	\$24,506,743	\$24,865,107	\$24,491,863

Program Description

The objective of the Instruction Program is to provide educational activities directed primarily at the production of credits which satisfy the various curricula requirements leading toward a post-secondary degree. The category also includes expenditures for academic administration where the primary assignment is administration (academic deans).

Issues Addressed/Legislative Intent

The instruction program is funded at 99% of the formula-generated level of state support. No vacancy savings was applied to any personal services. The number of budgeted faculty supported by the formula in the 1988-89 biennium

may or may not correspond to the actual FTE employed by the agency in the program.

The number of budgeted FYFTE students is 9,403 in FY88 and 9,248 in FY89. The average faculty salary used in calculation of faculty compensation is \$30,986, which includes the unfunded pay plan in FY87 in the base. The rate per FYFTE student used to calculate the instructional support costs is \$633.30 in FY88 and \$633.92 in FY89. Additional current unrestricted fund authority was allowed in the instruction program in the amount of \$130,000 per year to incorporate the special fees of \$760 per year paid by each student in the architecture program and \$460 per year paid by each interior design student. This authority has been line-itemed in HB2.

ORGANIZED RESEARCH Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	21.07	14.15	14.15	14.15
Personal Services	547,608.50	547,408	449,156	450,156
Operating Expenses	27,379.71	14,315	145,569	144,569
Equipment	3,221.69	0	3,200	3,200
Total Program Costs	\$578,209.90	\$561,723	\$597,925	\$597,925
Current Unrestricted Fund	578,209.90	561,723	597,925	597,925
Total Funding Costs	\$578,209.90	\$561,723	\$597,925	\$597,925
Current Level Services	578,209.90	561,723	597,925	597,925
Total Service Costs	\$578,209.90	\$561,723	\$597,925	\$597,925

Program Description

This program includes all funds expended for activities specifically organized for research purposes and commissioned either by an agency outside of the institution or separately budgeted by an organizational unit within the institution.

Issues Addressed/Legislative Intent

The current unrestricted fund support for MSU's research program remains essentially funded at current level although

the composition of the expenditures within the program has shifted. Staff level has decreased because some existing personal services costs will be switched to other sources of research funding. The operating and equipment have correspondingly increased to provide essential research equipment and operating support. No vacancy savings was applied to this program.

PUBLIC SERVICE Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.29	.12	.12	.12
Personal Services	5,603.04	7,477	6,300	6,300
Operating Expenses	4,083.43	2,464	4,000	4,000
Equipment	370.00	0	0	0
Total Program Costs	\$10,056.47	\$9,941	\$10,300	\$10,300
Current Unrestricted Fund	10,056.47	9,941	10,300	10,300
Total Funding Costs	\$10,056.47	\$9,941	\$10,300	\$10,300
Current Level Services	10,056.47	9,941	10,300	10,300
Total Service Costs	\$10,056.47	\$9,941	\$10,300	\$10,300

Program Description

The objective of the Public Service Program is to assist the community and state in community planning and development, urban planning, professional certification, natural resources, business, education, agriculture, industry, health and recreation. This program includes all funds budgeted specifically for extension and public service and expended for activities established primarily to provide noninstructional services to groups outside the institution. Such activities include seminars, projects, and support of

various organizations established to provide services to the community.

Issues Addressed/Legislative Intent

The current unrestricted fund support for MSU's public service program remains essentially at current level. This program supports a portion of the compensation of the director of the Cooperative Extension Service. No vacancy savings was applied.

OPERATION & MAINT OF PLANT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	81.68	75.62	77.81	77.81
Personal Services	1,555,577.74	1,685,585	1,672,567	1,678,844
Operating Expenses	3,210,641.71	3,114,788	3,767,452	3,954,412
Equipment	57,665.95	142,640	63,066	63,066
Capital Outlay	19,649.31	185,920	0	0
Debt Service	9,319.94	0	0	0
Total Program Costs	\$4,852,854.65	\$5,128,933	\$5,503,085	\$5,696,322
Current Unrestricted Fund	4,852,854.65	5,128,933	5,503,085	5,696,322
Total Funding Costs	\$4,852,854.65	\$5,128,933	\$5,503,085	\$5,696,322
Current Level Services	4,852,854.65	5,128,933	5,503,085	5,696,322
Total Service Costs	\$4,852,854.65	\$5,128,933	\$5,503,085	\$5,696,322

Program Description

This program includes all expenditures of current funds for the operation and maintenance of the physical plant, except for amounts charged to auxiliary enterprises and hospitals. It does not include expenditures made from the institutional plant fund accounts. It includes all expenditures for operations established to provide services and maintenance related to campus grounds and facilities, utilities, property insurance, fire protection, and similar items.

Issues Addressed/Legislative Intent

The 1988-89 biennium current unrestricted fund support of MSU's physical plant program increases by 15% over the

base level of expenditure. Base adjustments were made to reflect inflationary increases on utilities, retention of \$146,253 of natural gas energy savings from reduced Montana Power Company rates, addition of \$75,679 for increased water and sewer rates, inclusion of \$229,535 to adjust the base for a full year's operation of the Controlled Environment Facility opened in FY87, and adjustment of \$27,862 for insurance costs. A 4% vacancy savings rate was applied to personal services. Staff increases by 2.19 new FTE over the budgeted FY87 base level.

General fund of \$24,528 in FY88 and \$26,034 in FY89 was included to fund maintenance, utilities and .44 FTE for ad-

ditional instructional space in the Health and Physical Education building.

The university system received general fund support for a system-wide effort to address hazardous waste management

among the six units. MSU will coordinate the implementation of the system-wide activities at each of the units. This adds 1.75 FTE and \$64,288 per year to the plant program at MSU.

SCHOLARSHIPS & FELLOWSHIPS PGM Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	896,879.00	954,922	1,125,273	1,106,723
Total Program Costs	\$896,879.00	\$954,922	\$1,125,273	\$1,106,723
Current Unrestricted Fund	896,879.00	954,922	1,125,273	1,106,723
Total Funding Costs	\$896,879.00	\$954,922	\$1,125,273	\$1,106,723
Current Level Services	896,879.00	954,922	1,125,273	1,106,723
Total Service Costs	\$896,879.00	\$954,922	\$1,125,273	\$1,106,723

Program Description

This program applies only to funds given in the form of outright grants and trainee stipends to individuals enrolled in formal course work. Scholarships include: outright grants-in-aid; trainee stipends; tuition and fee waivers; and prizes to undergraduate students. Fellowships include outright grants-in-aid and trainee stipends to graduate students, but not funds for which services to the institution must be rendered (e.g., payments for teaching).

Issues Addressed/Legislative Intent

The level of funded fee waivers for MSU was determined on the basis of projected enrollments of 9,403 FYFTE students in FY88 and 9,248 in FY89. Anticipated in-state registration and incidental fees to be waived are based on an assumption of 5.75% of total in-state collections; non-resident fees waived assumes 18.45% of non-resident fee collections.

SUPPORT Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	339.26	324.82	333.11	333.11
Personal Services	9,549,166.27	9,396,457	8,125,938	8,079,873
Operating Expenses	2,933,462.20	2,953,735	2,672,448	2,613,726
Equipment	1,040,212.75	1,122,804	1,248,297	1,241,221
Capital Outlay	24,708.06	0	0	0
Debt Service	37,491.42	0	100,000	0
Total Program Costs	\$13,585,040.70	\$13,472,996	\$12,146,683	\$11,934,820
Current Unrestricted Fund	13,585,040.70	13,472,996	12,146,683	11,934,820
Total Funding Costs	\$13,585,040.70	\$13,472,996	\$12,146,683	\$11,934,820
Current Level Services	13,585,040.70	13,472,996	12,146,683	11,934,820
Total Service Costs	\$13,585,040.70	\$13,472,996	\$12,146,683	\$11,934,820

Program Description

The Support Program includes funds for activities designed to support three functions of the institution: academic programs, student services and administrative services.

Academic support - These activities include the retention, preservation and display of materials and the provision of services that directly assist the academic functions of the institution. This category includes libraries, museums and galleries, audio/visual services, academic administration and

personnel development, and course and curriculum development.

Student services - These activities include admissions, registrar activities, counseling and career guidance, helping students obtain financial aid, student admissions and records, and supplementary educational services.

Administrative services - These activities include the operational support for the day-to-day functioning of the institution and include executive and fiscal management, general

administrative services, logistical services, and community relations.

Issues Addressed/Legislative Intent

The support program is funded at 91% of the formula-generated level of state support in FY88 and at 92% in FY89. No vacancy savings was applied to personal services. The support cost per FYFTE student used to calculate program expenditure levels is \$1,396 per year. Biennial audit costs, including the institution's portion of the statewide audit, are supported at 50% general fund and current unre-

stricted funds and 50% from other than current unrestricted funds.

The university received general fund support of \$100,000 for the biennium to help fund 4.00 FTE at the Museum of the Rockies — a planetarium director, a dinosaur preparator, a planetarium technician and a curator or archeology. Language was added to HB2 concerning continuation of general fund support of this operation:

"General fund support of the museum of the rockies does not extend beyond the 1989 biennium. It is expected that private funds will replace general fund support beginning in the 1991 biennium."

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	265.53	236.43	221.03	221.03
Personal Services	7,361,456.49	7,487,520	6,878,017	6,905,576
Operating Expenses	2,679,516.80	2,271,637	2,554,921	2,545,483
Equipment	237,013.90	478,855	171,369	174,408
Capital Outlay	8,500.00	0	0	0
Total Agency Costs	\$10,286,487.19	\$10,238,012	\$9,604,307	\$9,625,467
Current Unrestricted Fund	10,286,487.19	10,238,012	9,604,307	9,625,467
Total Funding Costs	\$10,286,487.19	\$10,238,012	\$9,604,307	\$9,625,467
Current Level Services	10,286,487.19	10,238,012	9,604,307	9,625,467
Total Service Costs	\$10,286,487.19	\$10,238,012	\$9,604,307	\$9,625,467

Agency Description

Montana College of Mineral Science and Technology was established in 1893 as the Montana School of Mines. From the beginning, special emphasis has been placed upon the four main branches of mineral technology — exploration, production, processing and refining. The faculty of the college and the Montana Bureau of Mines and Geology, a department of the college, also contribute to basic research and innovative approaches to problem solving in the mineral industry.

Bachelor's and Master's programs are offered in engineering science and geological, geophysical, metallurgical, mineral processing, mining and petroleum engineering. A bachelor's program is offered in environmental engineering, and a master's degree is offered in geochemistry (in collaboration with the universities), geology metallurgy and mineral processing. Bachelor's degree programs are also offered in chemistry, mathematics, occupational safety and health, and society and technology.

The college provides services to state government and the citizens of the state by developing, gathering, analyzing, cataloging and disseminating information concerning the location and development of the mineral and energy resources and related resources of the state. This mission is the major responsibility of the Montana Bureau of Mines and Geology. In addition to research activities of individual faculty members, the college is a major participant in the state's magnetohydrodynamics (MHD) research and has been designated one of 20 national Mining and Mineral Resource Research Institutes.

Issues Addressed/Legislative Intent

Current unrestricted fund support of Montana College of Mineral Science and Technology (TECH), including the Bureau of Mines and Geology, decreases by 7%, corresponding to a 16% decline in budgeted student enrollment. General fund support of current unrestricted fund is 64%, down approximately 2% from the 1986-87 biennium. Staff levels show a decline due to a combination of FTE reductions of the 1986-87 biennium continued into the 1988-89 biennium and of listing only the funded level of FTE in the instruction and support programs, rather than an estimate of actual FTE for those formula programs.

The legislature appropriated 50% of the unit's projected indirect cost recovery for support of the current unrestricted fund in the 1988-89 biennium, down from 85% in the 1986-87 biennium. Language is included in HB2 concerning the remaining collections:

"All indirect cost reimbursement not expended in the current unrestricted operating subfund account must be clearly identified and separately accounted for during the 1989 biennium. Each university system unit shall submit a written report to the legislative finance committee by October 14, 1988, of the activities supported and accomplishments achieved with all indirect cost reimbursements expended in funds other than the current unrestricted operating subfund for fiscal 1988."

An adjustment was made to the expenditure base to support TECH's share of the system-wide hazardous waste management activities. This added \$88,840 per year.

INSTRUCTION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	124.10	112.80	87.46	87.46
Personal Services	3,721,665.56	3,794,623	3,527,190	3,533,181
Operating Expenses	500,833.60	353,896	528,120	529,017
Equipment	78,782.31	64,543	22,838	22,876
Total Program Costs	\$4,301,281.47	\$4,213,062	\$4,078,148	\$4,085,074
Current Unrestricted Fund	4,301,281.47	4,213,062	4,078,148	4,085,074
Total Funding Costs	\$4,301,281.47	\$4,213,062	\$4,078,148	\$4,085,074
Current Level Services	4,301,281.47	4,213,062	4,078,148	4,085,074
Total Service Costs	\$4,301,281.47	\$4,213,062	\$4,078,148	\$4,085,074

Program Description

The objective of the Instruction Program is to provide educational activities directed primarily at the production of credits which satisfy the various curricula requirements leading toward a post-secondary degree. The category also includes expenditures for academic administration where the primary assignment is administration (academic deans).

Issues Addressed/Legislative Intent

The instruction program is funded at 99% of the formula-generated level of state support. No vacancy savings was applied to any personal services. The number of budgeted faculty supported by the formula in the 1988-89 biennium

may or may not correspond to the actual FTE employed by the agency in the program.

The number of budgeted FYFTE students was raised to 1,550 per year over the projected enrollment for the 1988-89 biennium in order to provide stability of funding for the institution's specialized engineering programs during a period of fluctuating enrollments. This is an increase of 66 FYFTE in FY88 and 194 in FY89. The average faculty salary used to calculate faculty compensation is \$29,996, which includes the unfunded pay plan in FY87 in the base. The rate per FYFTE student used to calculate instructional support costs is \$633.30 in FY88 and \$633.93 in FY89, the same rate used at Montana State University which also includes engineering programs. This is an increase of \$168.73 in FY88 and of \$167.95 in FY89.

ORGANIZED RESEARCH Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.82	1.30	1.26	1.26
Personal Services	44,758.65	23,060	34,210	34,210
Operating Expenses	5,019.76	16,801	9,428	9,457
Equipment	106.28	1,103	80	80
Total Program Costs	\$49,884.69	\$40,964	\$43,718	\$43,747
Current Unrestricted Fund	49,884.69	40,964	43,718	43,747
Total Funding Costs	\$49,884.69	\$40,964	\$43,718	\$43,747
Current Level Services	49,884.69	40,964	43,718	43,747
Total Service Costs	\$49,884.69	\$40,964	\$43,718	\$43,747

Program Description

This program includes all funds expended for activities specifically organized for research purposes and commissioned either by an agency outside of the institution or separately budgeted by an organizational unit within the institution.

Issues Addressed/Legislative Intent

The current unrestricted fund support for TECH's research program fell by 12% over base year expenditures. This results from the net effect of a decrease in personal services due to a decision to lower compensation for research participants (even though the aggregate FTE increases) and an increase in operating costs. No vacancy savings was applied to this program.

OPERATION & MAINT OF PLANT**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	37.27	35.00	36.58	36.58
Personal Services	749,111.92	753,620	877,262	881,819
Operating Expenses	553,764.13	557,903	700,491	727,021
Equipment	8,175.73	15,762	17,300	17,300
Capital Outlay	8,500.00	0	0	0
Total Program Costs	\$1,319,551.78	\$1,327,285	\$1,595,053	\$1,626,140
Current Unrestricted Fund	1,319,551.78	1,327,285	1,595,053	1,626,140
Total Funding Costs	\$1,319,551.78	\$1,327,285	\$1,595,053	\$1,626,140
Current Level Services	1,319,551.78	1,327,285	1,595,053	1,626,140
Total Service Costs	\$1,319,551.78	\$1,327,285	\$1,595,053	\$1,626,140

Program Description

This program includes all expenditures of current funds for the operation and maintenance of the physical plant, except for amounts charged to auxiliary enterprises and hospitals. It does not include expenditures made from the institutional plant fund accounts. It includes all expenditures for operations established to provide services and maintenance related to campus grounds and facilities, utilities, property insurance, fire protection, and similar items.

Issues Addressed/Legislative Intent

The 1988-89 biennium current unrestricted fund support for TECH's physical plant program increase by 23% over the base level of expenditures. This partially results from the fact that the physical plant program incurred disproportionate impact of the 1986-87 biennium budget recisions due to contractual obligations in other programs which prohibited cuts in those areas. Therefore, the base level of expenditure

was unusually low. Base adjustments were made to reflect inflation of utility rates, retention of \$115,000 of extraordinary expenses, inclusion of \$180,000 of a modification approved in FY87 that had not been implemented due to budget recisions and \$13,570 of increased insurance costs. A 4% vacancy savings rate was applied to personal services. Staff increases by a net of 1.58 FTE over budgeted FY87 base level — a cut of .57 FTE to continue the unfunded pay plan in FY87 into the 1988-89 biennium offset by the addition of 2.15 new FTE.

General fund support of 1.90 FTE and \$67,500 per year for maintenance and utilities for new instructional space in the Health, Physical Education and Recreation building. Additional support was not given for requested support of the previous conversion of the old gymnasium to office space.

TECH's share of the system-wide hazardous waste management activities supports .25 FTE, operating and some equipment at \$21,340 per year.

SCHOLARSHIPS & FELLOWSHIPS PGM**Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	294,067.50	273,073	202,189	202,189
Total Program Costs	\$294,067.50	\$273,073	\$202,189	\$202,189
Current Unrestricted Fund	294,067.50	273,073	202,189	202,189
Total Funding Costs	\$294,067.50	\$273,073	\$202,189	\$202,189
Current Level Services	294,067.50	273,073	202,189	202,189
Total Service Costs	\$294,067.50	\$273,073	\$202,189	\$202,189

Program Description

This program applies only to funds given in the form of outright grants and trainee stipends to individuals enrolled in formal course work. Scholarships include: outright grants-in-aid; trainee stipends; tuition and fee waivers; and prizes to undergraduate students. Fellowships include outright grants-in-aid and trainee stipends to graduate students, but not funds for which services to the institution must be rendered (e.g., payments for teaching).

Issues Addressed/Legislative Intent

The level of funded fee waivers for TECH was determined on the basis of projected enrollment of 1,550 FYFTE students per year. Anticipated in-state registration and incidental fees to be waived are based on an assumption of 5.75% of total in-state student collections; non-resident fees waived assumes 18.45% of non-resident fee collections.

INDEPENDENT OPERATIONS
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	31.91	26.43	26.43	26.43
Personal Services	957,620.02	916,923	894,624	894,624
Operating Expenses	549,684.86	542,326	369,151	368,024
Equipment	18,868.16	20,830	22,075	23,875
Total Program Costs	\$1,526,173.04	\$1,480,079	\$1,285,850	\$1,286,523
Current Unrestricted Fund	1,526,173.04	1,480,079	1,285,850	1,286,523
Total Funding Costs	\$1,526,173.04	\$1,480,079	\$1,285,850	\$1,286,523
Current Level Services	1,526,173.04	1,480,079	1,285,850	1,286,523
Total Service Costs	\$1,526,173.04	\$1,480,079	\$1,285,850	\$1,286,523

Program Description

This program consists of the Bureau of Mines and Geology, which conducts the only Montana agency work in the geological, mineral, mineral-fact, geothermal, and groundwater resource fields. The research involves data collection and interpretation, and dissemination of research results to the public, and to state and federal agencies.

Issues Addressed/Legislative Intent

The Bureau of Mines and Geology appropriation reflects a reduction of staff in order to decrease personal services by the amount of the unfunded pay plan in FY87. The agency reported an actual staff level of 31.76 FTE in FY86 and a budgeted level of 26.43 FTE for FY87. Reductions occurred in contract professional, classified and part-time positions.

Vacancy savings was applied at 4% for all personal services costs except for 15.56 FTE contract faculty costs, which received no vacancy savings.

The level of the Bureau's approved operating expenses decreased by approximately one-third due to the reduction of approved indirect cost recovery expense paid to the Montana College of Mineral Science and Technology for the college's support of the Bureau. This administrative charge had been established by the office of the legislative fiscal analyst in past biennia and had been inflated during each budget cycle without examination of actual support costs. The authorized charge for the 1988-89 biennium is approximately 5% of the bureau's expenses — the average of the administrative costs charged other supported functions within the university system.

SUPPORT
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	71.43	60.90	69.30	69.30
Personal Services	1,888,300.34	1,999,294	1,544,731	1,561,742
Operating Expenses	776,146.95	527,638	745,542	709,775
Equipment	131,081.42	376,617	109,076	110,277
Total Program Costs	\$2,795,528.71	\$2,903,549	\$2,399,349	\$2,381,794
Current Unrestricted Fund	2,795,528.71	2,903,549	2,399,349	2,381,794
Total Funding Costs	\$2,795,528.71	\$2,903,549	\$2,399,349	\$2,381,794
Current Level Services	2,795,528.71	2,903,549	2,399,349	2,381,794
Total Service Costs	\$2,795,528.71	\$2,903,549	\$2,399,349	\$2,381,794

Program Description

The Support Program includes funds for activities designed to support three functions of the institution: academic programs, student services and administrative services.

Academic support - These activities include the retention, preservation and display of materials and the provision of services that directly assist the academic functions of the institution. This category includes libraries, museums and galleries, audio/visual services, academic administration and

personnel development, and course and curriculum development.

Student services - These activities include admissions, registrar activities, counseling and career guidance, helping students obtain financial aid, student admissions and records, and supplementary educational services.

Administrative services - These activities include the operational support for the day-to-day functioning of the institution and include executive and fiscal management, general

administrative services, logistical services, and community relations.

Issues Addressed/Legislative Intent

The support program is funded at 91% of the formula-generated level of state support in FY88 and at 92% in

FY89. No vacancy savings was applied to personal services. The support cost per FYFTE student used to calculate program expenditure levels is \$1,650 per year. Biennial audit costs, including the institution's share of the statewide audit, are supported at 75% general fund and current unrestricted funds and 25% from other than current unrestricted funds.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	374.53	358.46	323.46	323.46
Personal Services	9,735,025.10	10,017,823	9,378,266	9,416,200
Operating Expenses	3,770,599.61	3,472,423	3,784,840	3,811,150
Equipment	274,202.27	245,000	199,091	200,667
Total Agency Costs	\$13,779,826.98	\$13,735,246	\$13,362,197	\$13,428,017
Current Unrestricted Fund	13,779,826.98	13,735,246	13,362,197	13,428,017
Total Funding Costs	\$13,779,826.98	\$13,735,246	\$13,362,197	\$13,428,017
Current Level Services	13,779,826.98	13,735,246	13,362,197	13,428,017
Total Service Costs	\$13,779,826.98	\$13,735,246	\$13,362,197	\$13,428,017

Agency Description

Eastern Montana College was established in 1927 with an initial authorization to prepare teachers for the elementary schools. The establishment of the college was in response to needs expressed by citizens in the eastern part of the state, because all the existing institutions of higher education were in the western half. Eastern Montana College is a comprehensive state college with programs in the liberal arts, teacher training, business and human services. Graduate programs through the master's level are offered in teacher training, special education and related areas. The programs in special education and rehabilitation are unique in the University System. The Continuing Education Program gives the student an opportunity to learn the newest developments in his field of study and to explore newly emerging areas of interest and concern.

Issues Addressed/Legislative Intent

The current unrestricted fund biennial support of Eastern Montana College (EMC) decreased 3% over the base year expenditure level, reflecting base reductions and a 9% decrease in budgeted student enrollment. General fund support of current unrestricted fund is 63% per year, approxi-

mately the same level of support as the 1986-87 biennium. Staff levels show a decline due to a combination of FTE reductions of the 1986-87 biennium continued into the 1989 biennium and of listing only the funded level of FTE in the instruction and support programs, rather than an estimate of actual FTE for those formula programs.

The legislature appropriated 50% of the unit's projected indirect cost recovery for support of the current unrestricted fund in the 1988-89 biennium, down from 85% in the 1986-87 biennium. Language is included in HB2 concerning the remaining collections:

"All indirect cost reimbursement not expended in the current unrestricted operating subfund account must be clearly identified and separately accounted for during the 1989 biennium. Each university system unit shall submit a written report to the legislative finance committee by October 14, 1988, of the activities supported and accomplishments achieved with all indirect cost reimbursements expended in funds other than the current unrestricted operating subfund for fiscal 1988."

Adjustments to the expenditure base were made to support EMC's share of the system-wide hazardous waste management activities. This added \$12,345 per year.

INSTRUCTION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	218.22	204.73	170.54	170.54
Personal Services	5,916,160.36	6,023,073	5,858,000	5,866,942
Operating Expenses	693,861.62	550,000	695,856	696,918
Equipment	66,300.51	30,000	48,195	48,269
Total Program Costs	\$6,676,322.49	\$6,603,073	\$6,602,051	\$6,612,129
Current Unrestricted Fund	6,676,322.49	6,603,073	6,602,051	6,612,129
Total Funding Costs	\$6,676,322.49	\$6,603,073	\$6,602,051	\$6,612,129
Current Level Services	6,676,322.49	6,603,073	6,602,051	6,612,129
Total Service Costs	\$6,676,322.49	\$6,603,073	\$6,602,051	\$6,612,129

Program Description

The objective of the Instruction Program is to provide educational activities directed primarily at the production of credits which satisfy the various curricula requirements leading toward a post-secondary degree. The category also includes expenditures for academic administration where the primary assignment is administration (academic deans).

Issues Addressed/Legislative Intent

The instruction program is funded at 99% of the formula-generated level of state support. No vacancy savings was

applied to any personal services. The number of budgeted faculty supported by the formula in the 1988-89 biennium may or may not correspond to the actual FTE employed by the agency in the program.

The number of budgeted FYFTE students is 3,199 in FY88 and 3,198 in FY98. The average faculty salary used in calculation of faculty compensation is \$27,722, which includes the unfunded pay plan in FY87 in the base. The rate per FYFTE student used to calculate the instructional support costs is \$409.75 in FY88 and \$410.15 in FY89. These rates were raised to incorporate support costs on a par with the two university units' education programs.

PUBLIC SERVICE Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	6.14	6.56	6.14	6.14
Personal Services	183,018.68	186,652	189,608	189,608
Operating Expenses	39,165.17	31,100	39,317	39,329
Equipment	2,619.00	0	2,510	2,510
Total Program Costs	\$224,802.85	\$217,752	\$231,435	\$231,447
Current Unrestricted Fund	224,802.85	217,752	231,435	231,447
Total Funding Costs	\$224,802.85	\$217,752	\$231,435	\$231,447
Current Level Services	224,802.85	217,752	231,435	231,447
Total Service Costs	\$224,802.85	\$217,752	\$231,435	\$231,447

Program Description

The objective of the Public Service Program is to assist the community and state in community planning and development, urban planning, professional certification, natural resources, business, education, agriculture, industry, health and recreation. This program includes all funds budgeted specifically for extension and public service and expended for activities established primarily to provide noninstructional services to groups outside the institution. Such activities include seminars, projects, and support of

various organizations established to provide services to the community. The 1983 Legislature included funding for the Montana Center for Handicapped Children.

Issues Addressed/Legislative Intent

Current unrestricted fund support for EMC's public service program increased by approximately 3% over base year expenditures from application of inflation to base expenditures. No vacancy savings was applied.

OPERATION & MAINT OF PLANT
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	34.33	32.19	30.98	30.98
Personal Services	589,389.78	571,189	622,514	622,514
Operating Expenses	1,352,537.19	1,358,952	1,399,753	1,454,204
Equipment	8,076.50	15,000	8,076	8,076
Total Program Costs	\$1,950,003.47	\$1,945,141	\$2,030,343	\$2,084,794
Current Unrestricted Fund	1,950,003.47	1,945,141	2,030,343	2,084,794
Total Funding Costs	\$1,950,003.47	\$1,945,141	\$2,030,343	\$2,084,794
Current Level Services	1,950,003.47	1,945,141	2,030,343	2,084,794
Total Service Costs	\$1,950,003.47	\$1,945,141	\$2,030,343	\$2,084,794

Program Description

This program includes all expenditures of current funds for the operation and maintenance of the physical plant, except for amounts charged to auxiliary enterprises and hospitals. It does not include expenditures made from the institutional plant fund accounts. It includes all expenditures for operations established to provide services and maintenance related to campus grounds and facilities, utilities, property insurance, fire protection, and similar items.

6% over the base level of expenditure. Base adjustments were made for inflation on utilities and for \$17,817 of insurance costs. A 4% vacancy savings rate was applied to personal services. Staff decreases by a net of 1.21 FTE from the budgeted FY87 base — 1.46 FTE cut to maintain the impact of the unfunded FY87 pay plan in the 1989 biennium offset by .25 new FTE.

Eastern's share of the system-wide hazardous waste management activities is supported by general fund of \$12,345 per year and the addition of .25 FTE.

Issues Addressed/Legislative Intent

The 1988-89 biennium current unrestricted fund support of EMC's physical plant program increases by approximately

SCHOLARSHIPS & FELLOWSHIPS PGM
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	312,905.40	342,954	353,209	353,099
Total Program Costs	\$312,905.40	\$342,954	\$353,209	\$353,099
Current Unrestricted Fund	312,905.40	342,954	353,209	353,099
Total Funding Costs	\$312,905.40	\$342,954	\$353,209	\$353,099
Current Level Services	312,905.40	342,954	353,209	353,099
Total Service Costs	\$312,905.40	\$342,954	\$353,209	\$353,099

Program Description

This program applies only to funds given in the form of outright grants and trainee stipends to individuals enrolled in formal course work. Scholarships include: outright grants-in-aid; trainee stipends; tuition and fee waivers; and prizes to undergraduate students. Fellowships include outright grants-in-aid and trainee stipends to graduate students, but not funds for which services to the institution must be rendered (e.g., payments for teaching).

Issues Addressed/Legislative Intent

The level of funded fee waivers for EMC was determined on the basis of projected enrollments of 3,199 FYFTE students in FY88 and 3,198 in FY89. Anticipated in-state registration and incidental fees to be waived are based on an assumption of 5.75% of total in-state student collections; non-resident fees waived assumes 18.45% of non-resident fee collections.

SUPPORT Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	115.84	114.98	115.80	115.80
Personal Services	3,046,456.28	3,236,909	2,708,144	2,737,136
Operating Expenses	1,372,130.23	1,189,417	1,296,705	1,267,600
Equipment	197,206.26	200,000	140,310	141,812
Total Program Costs	\$4,615,792.77	\$4,626,326	\$4,145,159	\$4,146,548
Current Unrestricted Fund	4,615,792.77	4,626,326	4,145,159	4,146,548
Total Funding Costs	\$4,615,792.77	\$4,626,326	\$4,145,159	\$4,146,548
Current Level Services	4,615,792.77	4,626,326	4,145,159	4,146,548
Total Service Costs	\$4,615,792.77	\$4,626,326	\$4,145,159	\$4,146,548

Program Description

The Support Program includes funds for activities designed to support three functions of the institution: academic programs, student services and administrative services.

Academic support - These activities include the retention, preservation and display of materials and the provision of services that directly assist the academic functions of the institution. This category includes libraries, museums and galleries, audio/visual services, academic administration and personnel development, and course and curriculum development.

Student services - These activities include admissions, registrar activities, counseling and career guidance, helping students obtain financial aid, student admissions and records, and supplementary educational services.

Administrative services - These activities include the operational support for the day-to-day functioning of the institution and include executive and fiscal management, general administrative services, logistical services, and community relations.

Issues Addressed/Legislative Intent

The support program is funded at 91% of the formula-generated level of state support in FY88 and at 92% in FY89. No vacancy savings was applied to personal services. The support cost per FYFTE student used to calculate program expenditure levels is \$1,387 per year. Biennial audit costs, including the institution's share of the statewide audit, are supported at 75% general fund and current unrestricted funds and 25% from other than current unrestricted funds.

Agency Summary Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	215.19	187.60	189.74	189.74
Personal Services	5,274,516.48	5,832,731	5,796,191	5,908,269
Operating Expenses	1,979,191.32	1,354,403	1,934,524	1,943,858
Equipment	314,121.30	379,380	134,239	137,298
Total Agency Costs	\$7,567,829.10	\$7,566,514	\$7,864,954	\$7,989,425
Current Unrestricted Fund	7,567,829.10	7,566,514	7,864,954	7,989,425
Total Funding Costs	\$7,567,829.10	\$7,566,514	\$7,864,954	\$7,989,425
Current Level Services	7,567,829.10	7,566,514	7,864,954	7,989,425
Total Service Costs	\$7,567,829.10	\$7,566,514	\$7,864,954	\$7,989,425

Agency Description

Northern Montana College was authorized by the legislature in 1913, but did not open for instruction until 1929. Northern has been a regional, multi-purpose institution from its inception, offering pre-professional and professional courses of study in the liberal arts and sciences, teacher education, and vocational technical studies. Northern has sole responsibility in the Montana University System for vocational-technical education, primary responsibilities for vocational teacher training, and offers the Bachelor of Technology degree for students who wish to combine a liberal arts background with vocational training. Further, Northern has the sole responsibility for meeting the certification needs of the state through an itinerant vocational teacher-education program. Northern offers master's degrees in elementary education, vocational-technical education, and industrial arts as well as bachelor's degrees in elementary, secondary and vocational-technical education.

Issues Addressed/Legislative Intent

Current unrestricted fund support of Northern Montana College (NMC) decreases by 5%, reflecting a 1% decline in budgeted student enrollments. General fund support of current unrestricted fund is 70% per year, approximately the

same as the proportion in the 1986-87 biennium. Staff levels show a decline due to the combination of continuing 1986-87 biennium FTE reductions into the 1988-89 biennium and of listing only the funded level of FTE in the instruction and support programs, rather than an estimate of actual FTE for those formula programs.

The legislature appropriated 50% of the unit's projected indirect cost recovery for support of the current unrestricted fund in the 1988-89 biennium, down from 85% in the 1986-87 biennium. Language is included in HB2 concerning the remaining collections:

"All indirect cost reimbursement not expended in the current unrestricted operating subfund account must be clearly identified and separately accounted for during the 1989 biennium. Each university unit shall submit a written report to the legislative finance committee by October 14, 1988, of the activities supported and accomplishments achieved with all indirect cost reimbursements expended in funds other than the current unrestricted operating subfund for fiscal 1988."

Adjustments were made to the expenditure base to support NMC's share of the system-wide hazardous waste management activities and the fund two additional security personnel. This added \$41,081 per year.

INSTRUCTION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	137.40	107.60	113.91	113.91
Personal Services	3,198,074.93	3,832,157	3,788,810	3,857,816
Operating Expenses	400,229.80	236,630	464,032	472,483
Equipment	167,593.07	67,953	23,950	24,387
Total Program Costs	\$3,765,897.80	\$4,136,740	\$4,276,792	\$4,354,686
Current Unrestricted Fund	3,765,897.80	4,136,740	4,276,792	4,354,686
Total Funding Costs	\$3,765,897.80	\$4,136,740	\$4,276,792	\$4,354,686
Current Level Services	3,765,897.80	4,136,740	4,276,792	4,354,686
Total Service Costs	\$3,765,897.80	\$4,136,740	\$4,276,792	\$4,354,686

Program Description

The objective of the Instruction Program is to provide educational activities directed primarily at the production of credits which satisfy the various curricula requirements leading toward a post-secondary degree. The category also includes expenditures for academic administration where the primary assignment is administration (academic deans).

Issues Addressed/Legislative Intent

The instruction program is funded at 99% of the formula-generated level of state support. No vacancy savings was

applied to any personal services. The number of budgeted faculty supported by the formula in the 1988-89 biennium may or may not correspond to the actual FTE employed by the agency in the program.

The number of budgeted FYFTE students is 1,702 in FY88 and 1,730 in FY89. The average faculty salary used to calculate faculty compensation is \$27,495, which includes the unfunded pay plan in FY87 in the base. The rate per FYFTE student used to calculate the instructional support costs is \$466.97 in FY88 and \$467.42 in FY89.

PUBLIC SERVICE Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.14	.10	.10	.10
Personal Services	8,643.35	6,000	7,896	7,896
Operating Expenses	418.76	157	995	995
Equipment	0.00	2,741	0	0
Total Program Costs	\$9,062.11	\$8,898	\$8,891	\$8,891
Current Unrestricted Fund	9,062.11	8,898	8,891	8,891
Total Funding Costs	\$9,062.11	\$8,898	\$8,891	\$8,891
Current Level Services	9,062.11	8,898	8,891	8,891
Total Service Costs	\$9,062.11	\$8,898	\$8,891	\$8,891

Program Description

The objective of the Public Service Program is to assist the community and state in community planning and development, urban planning, professional certification, natural resources, business, education, agriculture, industry, health and recreation. This program includes all funds budgeted specifically for extension and public service and expended for activities established primarily to provide noninstructional services to groups outside the institution. Such activities include seminars, projects, and support of

various organizations established to provide services to the community.

Issues Addressed/Legislative Intent

Current unrestricted fund support of NMC's public service program decreases by approximately 2% due to continuation of the cut of .04 FTE made in FY87. A requested increase in out-of-state travel was not funded. No vacancy savings was applied.

OPERATION & MAINT OF PLANT
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	21.60	19.50	20.75	20.75
Personal Services	402,487.21	398,286	440,097	440,097
Operating Expenses	663,713.85	484,851	666,009	691,142
Equipment	15,337.93	14,632	15,338	15,338
Total Program Costs	\$1,081,538.99	\$897,769	\$1,121,444	\$1,146,577
Current Unrestricted Fund	1,081,538.99	897,769	1,121,444	1,146,577
Total Funding Costs	\$1,081,538.99	\$897,769	\$1,121,444	\$1,146,577
Current Level Services	1,081,538.99	897,769	1,121,444	1,146,577
Total Service Costs	\$1,081,538.99	\$897,769	\$1,121,444	\$1,146,577

Program Description

This program includes all expenditures of current funds for the operation and maintenance of the physical plant, except for amounts charged to auxiliary enterprises and hospitals. It does not include expenditures made from the institutional plant fund accounts. It includes all expenditures for operations established to provide services and maintenance related to campus grounds and facilities, utilities, property insurance, fire protection, and similar items.

5% over the base level of expenditures. Base adjustments were made for inflation on utilities, restoration of \$125,000 of emergency expenditures in the base and \$10,979 of insurance costs. No vacancy savings was applied to this program. Staff increases by 2.25 new FTE over budgeted FY87 base level.

General fund of \$34,000 per year was added to fund 2.00 FTE security personnel for the campus. In addition, .25 FTE and \$7,081 per year was added for Northern's share of the system-wide hazardous waste management activities.

Issues Addressed/Legislative Intent

The 1988-89 biennium current unrestricted fund support of NMC's physical plant program increases by approximately

SCHOLARSHIPS & FELLOWSHIPS PGM
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	238,368.40	272,590	274,815	271,722
Total Program Costs	\$238,368.40	\$272,590	\$274,815	\$271,722
Current Unrestricted Fund	238,368.40	272,590	274,815	271,722
Total Funding Costs	\$238,368.40	\$272,590	\$274,815	\$271,722
Current Level Services	238,368.40	272,590	274,815	271,722
Total Service Costs	\$238,368.40	\$272,590	\$274,815	\$271,722

Program Description

This program applies only to funds given in the form of outright grants and trainee stipends to individuals enrolled in formal course work. Scholarships include: outright grants-in-aid; trainee stipends; tuition and fee waivers; and prizes to undergraduate students. Fellowships include outright grants-in-aid and trainee stipends to graduate students, but not funds for which services to the institution must be rendered (e.g., payments for teaching).

Issues Addressed/Legislative Intent

The level of funded fee waivers for NMC was determined on the basis of projected enrollments of 1,702 FYFTE students in FY88 and 1,730 in FY89. Anticipated in-state registration and incidental fees to be waived are based on an assumption of 5.75% of total in-state student collections; non-resident fees waived assumes 18.45% of non-resident fee collections. An additional adjustment was made for NMC fee waivers to provide non-resident waivers at an historical level of about 60% of non-resident enrollment during the 1989 biennium. This added \$29,511 in FY88 and \$23,383 in FY89.

SUPPORT Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	56.05	60.40	54.98	54.98
Personal Services	1,665,310.99	1,596,288	1,559,388	1,602,460
Operating Expenses	676,460.51	360,175	528,673	507,516
Equipment	131,190.30	294,054	94,951	97,573
Total Program Costs	\$2,472,961.80	\$2,250,517	\$2,183,012	\$2,207,549
Current Unrestricted Fund	2,472,961.80	2,250,517	2,183,012	2,207,549
Total Funding Costs	\$2,472,961.80	\$2,250,517	\$2,183,012	\$2,207,549
Current Level Services	2,472,961.80	2,250,517	2,183,012	2,207,549
Total Service Costs	\$2,472,961.80	\$2,250,517	\$2,183,012	\$2,207,549

Program Description

The Support Program includes funds for activities designed to support three functions of the institution: academic programs, student services and administrative services.

Academic support - These activities include the retention, preservation and display of materials and the provision of services that directly assist the academic functions of the institution. This category includes libraries, museums and galleries, audio/visual services, academic administration and personnel development, and course and curriculum development.

Student services - These activities include admissions, registrar activities, counseling and career guidance, helping students obtain financial aid, student admissions and records, and supplementary educational services.

Administrative services - These activities include the operational support for the day-to-day functioning of the institution and include executive and fiscal management, general administrative services, logistical services, and community relations.

Issues Addressed/Legislative Intent

The support program is funded at 91% of the formula-generated level of state support in FY88 and at 92% in FY89. No vacancy savings was applied to personal services. The support cost per FYFTE student used to calculate program expenditure levels is \$1,387 per year. Biennial audit costs, including the institution's share of the statewide audit, are supported at 75% general fund and current unrestricted funds and 25% from other than current unrestricted funds.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	112.18	112.99	103.42	103.42
Personal Services	3,009,831.32	2,974,117	3,422,093	3,398,413
Operating Expenses	824,533.57	783,680	909,784	888,132
Equipment	85,824.40	202,781	57,297	57,223
Total Agency Costs	\$3,920,189.29	\$3,960,578	\$4,389,174	\$4,343,768
Current Unrestricted Fund	3,920,189.29	3,960,578	4,389,174	4,343,768
Total Funding Costs	\$3,920,189.29	\$3,960,578	\$4,389,174	\$4,343,768
Current Level Services	3,920,189.29	3,960,578	4,389,174	4,343,768
Total Service Costs	\$3,920,189.29	\$3,960,578	\$4,389,174	\$4,343,768

Agency Description

Western Montana College was established in 1893 as the State Normal School. The first session of school opened in September, 1897. Throughout its history, Western Montana College has been a teacher training institution and it has continued this emphasis while broadening its curricular base.

Western offers graduate work leading to the master's degree and fifth-year professional certificate in education. Bachelor's degrees are offered in elementary education, secondary education, and natural heritage. Associate degree and transfer programs are offered in several areas.

Issues Addressed/Legislative Intent

Current unrestricted fund biennial support of Western Montana College increases 11% over the base expenditure level. This reflects the impact of a 4% increase in budgeted student enrollments on a relatively small institutional budget. General fund support of the current unrestricted fund is 70% per year, an increase of about 1% over the 1986-87 biennium. Staff levels decrease due to continuation of 1986-87 biennium reductions into the 1988-89 biennium and to listing only the funded level of FTE in the instruction and support programs, rather than an estimate of actual FTE for those formula programs.

The Board of Regents decided to administratively merge Western Montana College with the University of Montana effective July 1, 1988. Despite the administrative changes, both units will maintain separate budgets and appropriations throughout the 1988-89 biennium. Cost savings that may result from the merger have not been removed from either unit's appropriation. Phase out of some degree programs at Western will not be finalized until 1990.

The legislature appropriated 50% of the unit's projected indirect cost recovery for support of the current unrestricted fund in the 1988-89 biennium, down from 85% in the 1986-87 biennium. Language is included in HB2 concerning the remaining collections:

"All indirect cost reimbursement not expended in the current unrestricted operating subfund account must be clearly identified and separately accounted for during the 1989 biennium. Each university unit shall submit a written report to the legislative finance committee by October 14, 1988, of the activities supported and accomplishments achieved with all indirect cost reimbursements expended in funds other than the current unrestricted operating subfund for fiscal 1988."

An adjustment was made to the expenditure base to support Western's share of the system-wide hazardous waste management activities. This added \$7,081 per year.

INSTRUCTION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	68.05	61.36	61.69	61.69
Personal Services	1,631,326.98	1,419,983	2,187,055	2,164,345
Operating Expenses	138,116.17	204,554	176,964	175,126
Equipment	20,951.48	37,334	4,975	4,923
Total Program Costs	\$1,790,394.63	\$1,661,871	\$2,368,994	\$2,344,394
Current Unrestricted Fund	1,790,394.63	1,661,871	2,368,994	2,344,394
Total Funding Costs	\$1,790,394.63	\$1,661,871	\$2,368,994	\$2,344,394
Current Level Services	1,790,394.63	1,661,871	2,368,994	2,344,394
Total Service Costs	\$1,790,394.63	\$1,661,871	\$2,368,994	\$2,344,394

Program Description

The objective of the Instruction Program is to provide educational activities directed primarily at the production of credits which satisfy the various curricula requirements leading toward a post-secondary degree. The category also includes expenditures for academic administration where the primary assignment is administration (academic deans).

Issues Addressed/Legislative Intent

The instruction program is funded at 99% of the formula-generated level of state support. No vacancy savings was

applied to any personal services. The number of budgeted faculty supported by the formula in the 1988-89 biennium may or may not correspond to the actual FTE employed by the agency in the program.

The number of budgeted FYFTE students is 916 in FY88 and 905 in FY89. The average faculty salary used to calculate faculty compensation is \$27,495, which includes the unfunded pay plan in FY87 in the base. The rate per FYFTE student used to calculate the instructional support costs is \$531.69 in FY88 and \$532.21 in FY89.

OPERATION & MAINT OF PLANT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	15.98	14.90	14.35	14.35
Personal Services	367,407.23	401,904	379,582	379,582
Operating Expenses	287,548.33	271,658	323,007	338,360
Equipment	33,186.17	14,042	32,588	32,588
Total Program Costs	\$688,141.73	\$687,604	\$735,177	\$750,530
Current Unrestricted Fund	688,141.73	687,604	735,177	750,530
Total Funding Costs	\$688,141.73	\$687,604	\$735,177	\$750,530
Current Level Services	688,141.73	687,604	735,177	750,530
Total Service Costs	\$688,141.73	\$687,604	\$735,177	\$750,530

Program Description

This program includes all expenditures of current funds for the operation and maintenance of the physical plant, except for amounts charged to auxiliary enterprises and hospitals. It does not include expenditures made from the institutional plant fund accounts. It includes all expenditures for operations established to provide services and maintenance related to campus grounds and facilities, utilities, property insurance, fire protection, and similar items.

Issues Addressed/Legislative Intent

The 1988-89 biennium current unrestricted fund support of WMC's physical plant program increases by approximately

8% over the base level of expenditures. Base adjustments were made for inflation on utilities, restoration of \$25,370 of a modification approved for FY87 that was not included in the agency request and a negative adjustment of \$994 of insurance costs incorrectly included in this program. No vacancy savings was applied to personal services. Staff level decreases by a net of .55 FTE due to a .80 FTE cut to maintain the impact of the unfunded FY87 pay plan in the 1988-89 biennium and the addition of .25 new FTE.

Western's share of the system-wide hazardous waste management activities funds .25 FTE and \$7,081 per year.

SCHOLARSHIPS & FELLOWSHIPS PGM
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	75,057.19	82,630	83,472	82,469
Total Program Costs	\$75,057.19	\$82,630	\$83,472	\$82,469
Current Unrestricted Fund	75,057.19	82,630	83,472	82,469
Total Funding Costs	\$75,057.19	\$82,630	\$83,472	\$82,469
Current Level Services	75,057.19	82,630	83,472	82,469
Total Service Costs	\$75,057.19	\$82,630	\$83,472	\$82,469

Program Description

This program applies only to funds given in the form of outright grants and trainee stipends to individuals enrolled in formal course work. Scholarships include: outright grants-in-aid; trainee stipends; tuition and fee waivers; and prizes to undergraduate students. Fellowships include outright grants-in-aid and trainee stipends to graduate students, but not funds for which services to the institution must be rendered (e.g., payments for teaching).

Issues Addressed/Legislative Intent

The level of funded fee waivers for WMC was determined on the basis of projected enrollment of 916 FYFTE in FY88 and 905 in FY89. Anticipated in-state registration and incidental fees to be waived are based on an assumption of 5.75% of total in-state student collections; non-resident fees waived assumes 18.45% of non-resident fee collections.

SUPPORT
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	28.15	36.73	27.38	27.38
Personal Services	1,011,097.11	1,152,230	855,456	854,486
Operating Expenses	323,811.88	224,838	326,341	292,177
Equipment	31,686.75	151,405	19,734	19,712
Total Program Costs	\$1,366,595.74	\$1,528,473	\$1,201,531	\$1,166,375
Current Unrestricted Fund	1,366,595.74	1,528,473	1,201,531	1,166,375
Total Funding Costs	\$1,366,595.74	\$1,528,473	\$1,201,531	\$1,166,375
Current Level Services	1,366,595.74	1,528,473	1,201,531	1,166,375
Total Service Costs	\$1,366,595.74	\$1,528,473	\$1,201,531	\$1,166,375

Program Description

The Support Program includes funds for activities designed to support three functions of the institution: academic programs, student services and administrative services.

Academic support - These activities include the retention, preservation and display of materials and the provision of services that directly assist the academic functions of the institution. This category includes libraries, museums and galleries, audio/visual services, academic administration and personnel development, and course and curriculum development.

Student services - These activities include admissions, registrar activities, counseling and career guidance, helping students obtain financial aid, student admissions and records, and supplementary educational services.

Administrative services - These activities include the operational support for the day-to-day functioning of the institution and include executive and fiscal management, general administrative services, logistical services, and community relations.

Issues Addressed/Legislative Intent

The support program is funded at 91% of the formula-generated level of state support in FY88 and at 92% in FY89. No vacancy savings was applied to personal services. The support cost per FYFTE student used to calculate program expenditure levels is \$1,387 per year. Biennial audit costs, including the institution's share of the statewide audit, are supported at 75% general fund and current unrestricted funds and 25% from other than current unrestricted funds.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	291.70	279.65	258.70	258.70
Personal Services	6,857,593.68	7,200,421	6,988,297	7,019,097
Operating Expenses	1,478,861.06	1,902,802	1,471,375	1,494,420
Equipment	206,809.70	1,800	129,553	127,875
Capital Outlay	714.06	0	0	0
Debt Service	15,578.20	0	0	0
Total Agency Costs	\$8,559,556.70	\$9,105,023	\$8,589,225	\$8,641,392
Current Unrestricted Fund	8,559,556.70	9,105,023	8,589,225	8,641,392
Total Funding Costs	\$8,559,556.70	\$9,105,023	\$8,589,225	\$8,641,392
Current Level Services	8,559,556.70	9,105,023	8,589,225	8,641,392
Total Service Costs	\$8,559,556.70	\$9,105,023	\$8,589,225	\$8,641,392

Agency Description

The Agricultural Experiment Station was established at Montana State University in 1893 by the Montana Legislature under authorization provided by the U.S. Congress of 1887 (Hatch Act). The station is composed of fourteen research and service departments and laboratories located at Bozeman, and seven research centers located around the state.

The goal of the Agricultural Experiment Station is to contribute to the welfare of the state, national and international communities through relevant research programs on agricultural problems. Research is conducted to improve the competitive position of Montana crop and livestock producers, and to develop agricultural production principles and techniques applicable to semi-arid and intermountain regions throughout the world.

In their December, 1986, meeting the Board of Regents approved the administrative consolidation of the Agricultural Experiment Station and the Cooperative Extension Service (Item 54-204-R1286). The merger is effective beginning in the 1988-89 biennium.

Issues Addressed/Legislative Intent

The Board of Regents authorized an administrative merger of the Agricultural Experiment Station and the Cooperative Extension Service effective July 1, 1987. Although the administrative services of the two agencies have been merged, the programmatic services of the agencies will continue to be individually identified, at least through the 1988-89 biennium. Therefore, each agency was appropriated a separate budget. The staff reductions that resulted from

the merger occurred among the personnel of the Cooperative Extension Service.

Agency staff of the Agricultural Experiment Station is reduced by 32 FTE — a net total of the reduction of 13.57 FTE from the main station and the seven regional stations, a reduction of 19.43 FTE from the U.S. Range Station, and the addition of 1.00 FTE and \$80,000 per year of general fund support for the spring wheat and biotechnology program that was added to the main station program. The reductions resulted from decreased grants from the federal government, decreased revenue from sales of agricultural products and livestock and the impact of the budget recissions in the 1986-87 biennium. A vacancy savings rate of 4% was applied to the non-faculty personal services costs of the main station and the research centers, a 2% rate was applied to the 90 FTE contract faculty and no vacancy savings was applied to the range station. Despite the reduction in FTE, personal services costs of the agency increase over the base year of FY86 because of pay raises in the 1986-87 biennium, increased costs of benefits and the impact of vacancy savings on the expenditure level in the base year. The agency anticipates some potential extraordinary retirement benefit payouts in the 1988-89 biennium. These were not funded in the agency's appropriation, but the Joint Appropriations Education Subcommittee expressed its intent that a supplemental appropriation could be sought in the interim if the retirement payouts become a reality.

General fund support of the agency increases by approximately 4% due to the reduction of federal and state special revenues and the addition of the spring wheat breeding program. (NOTE: Agency current unrestricted fund expenditures are overstated by \$12,883 due to the net effect of accounting for non-budgeted expenditures.)

**AG EXPERIMENT STATION
Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	255.57	243.91	242.00	242.00
Personal Services	6,414,812.87	6,464,145	6,611,043	6,641,843
Operating Expenses	1,445,558.94	1,706,386	1,465,675	1,488,720
Equipment	204,359.70	0	126,553	124,875
Capital Outlay	714.06	0	0	0
Debt Service	15,578.20	0	0	0
Total Program Costs	\$8,081,023.77	\$8,170,531	\$8,203,271	\$8,255,438
Current Unrestricted Fund	8,081,023.77	8,170,531	8,203,271	8,255,438
Total Funding Costs	\$8,081,023.77	\$8,170,531	\$8,203,271	\$8,255,438
Current Level Services	8,081,023.77	8,170,531	8,203,271	8,255,438
Total Service Costs	\$8,081,023.77	\$8,170,531	\$8,203,271	\$8,255,438

Program Description

The Agricultural Experiment Station conducts research to improve the competitive position of Montana crop and livestock producers. The station has eight research centers, including the headquarters at Montana State University.

Issues Addressed/Legislative Intent

The staff level of the Main station, comprised of the Montana State University campus offices and the seven regional research centers around the state, was reduced by a net of 12.57 FTE — a cut of 13.57 FTE and the addition of 1.00 FTE for the new spring wheat breeding and biotechnology program. The staff reductions resulted from decreased revenues from sales of agricultural products and livestock at the research centers, recessions of general fund during the 1986-87 biennium and reduced federal grants. A 4% vacancy savings rate was applied to all but the 90 faculty positions on staff, which received a 2% rate. Personal services costs increase despite a reduction in FTE due to the raises that were given in the 1986-87 biennium, increased workers compensation and social security rates, and the impact of vacancy savings in the base year.

The agency anticipates having a substantial potential faculty retirement payout liability in the 1988-89 biennium — about \$250,000 in FY88 and \$87,000 in FY89. This potential liability was not incorporated in the appropriation, but the Joint Appropriations Education Subcommittee recommended to the agency that a supplemental appropriation be sought in the interim if the liability materializes.

Due to the budget constraints, the legislature authorized an equipment budget for the 1988-89 biennium that is roughly two-thirds of the base expenditure level. This includes \$10,000 per year for the spring wheat breeding program.

General fund support for this program increases due to the decline in sales revenue and federal grant levels and the annual addition of \$80,000 for the spring wheat breeding program. Language is included in HB2 concerning on-going support of the spring wheat breeding program:

“General fund support for startup of the spring wheat breeding and biotechnology program at the agricultural experiment station is for the 1989 biennium only. Other funds will be required to continue the program beyond the 1989 biennium.”

US RANGE STATION Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	36.13	35.74	16.70	16.70
Personal Services	442,780.81	736,276	377,254	377,254
Operating Expenses	33,302.12	196,416	5,700	5,700
Equipment	2,450.00	1,800	3,000	3,000
Total Program Costs	\$478,532.93	\$934,492	\$385,954	\$385,954
Current Unrestricted Fund	478,532.93	934,492	385,954	385,954
Total Funding Costs	\$478,532.93	\$934,492	\$385,954	\$385,954
Current Level Services	478,532.93	934,492	385,954	385,954
Total Service Costs	\$478,532.93	\$934,492	\$385,954	\$385,954

Program Description

The USDA Livestock and Range Research Station at Miles City is a joint state-federal operation. The station is the largest beef cattle research facility in the nation. Current research includes: beef cattle breeding, reproduction and nutrition; range management and range renovation.

Issues Addressed/Legislative Intent

The staff level of state supported positions at the range station decreases by 19.43 FTE as the direct result of decreases in revenue from livestock sales. Total operating and equipment budgets reflect the level the agency projects being able to support with anticipated sales revenue in the 1988-89 biennium. There is no general fund support for this program.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	135.80	135.30	116.77	116.77
Personal Services	3,450,869.12	3,532,038	3,843,839	3,850,150
Operating Expenses	545,755.82	689,170	498,984	500,456
Equipment	19,495.48	14,881	12,829	12,829
Debt Service	722.40	0	0	0
Total Agency Costs	\$4,016,842.82	\$4,236,089	\$4,355,652	\$4,363,435
Current Unrestricted Fund	4,016,842.82	4,236,089	4,355,652	4,363,435
Total Funding Costs	\$4,016,842.82	\$4,236,089	\$4,355,652	\$4,363,435
Current Level Services	4,016,842.82	4,236,089	4,355,652	4,363,435
Total Service Costs	\$4,016,842.82	\$4,236,089	\$4,355,652	\$4,363,435

Agency Description

The Cooperative Extension Service was created in 1914. The role of the Cooperative Extension Service is educational; the service disseminates and encourages practical use of knowledge gained primarily from research and experimentation performed at Montana State University. The objective of the Extension Service is to conduct a program of education relating to efficient agricultural production, marketing of agricultural products, human resource development, and farm and home safety. The Service also provides special nutrition programs for low-income people and promotes a development program for Montana communities incorporating economic, natural, and human resources.

In their December, 1986, meeting the Board of Regents approved the administrative consolidation of the Agricultural Experiment Station and the Cooperative Extension Service (Item 54-204-R1286). The merger is effective beginning in the 1988-89 biennium.

Issues Addressed/Legislative Intent

The combined effect of budget recessions in the 1986-87 biennium and the administrative merger of the Agricultural Experiment Station and the Cooperative Extension Service

resulted in a loss of 19.53 FTE from the actual FY86 FTE level. The administrative merger eliminated 6.15 FTE. A 4% vacancy savings rate was applied to all FTE of the agency.

The total net personal services savings associated with the administrative merger was approximately \$171,000 per year. The agency was allowed to retain about \$61,000 of that savings as part of the line-item for increased mandated federal retirement benefits.

Language was included in HB2 regarding the line-item appropriation \$659,420 in FY88 and \$665,731 in FY89 for professional retirement benefit increases mandated by Congress:

"The total money appropriated in item 2 may only be spent if a federal district or appellate court determines that cooperative extension service employees are federal employees within the meaning of Public Law 99-335. In the event these employees are not federal employees within the meaning of Public Law 99-335, up to \$221,300 in fiscal 1988 and up to \$277,611 in fiscal 1989 of the funds appropriated in item 2 may be spent for social security coverage and retirement benefits for 124 professional employees. There may be no transfers in or out of this item."

Agency Summary Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	19.21	16.54	16.09	16.09
Personal Services	515,808.87	495,825	493,009	493,009
Operating Expenses	133,472.78	132,817	137,026	138,445
Equipment	19,062.40	16,667	13,500	13,500
Capital Outlay	3,468.00	0	0	0
Total Agency Costs	\$671,812.05	\$645,309	\$643,535	\$644,954
Current Unrestricted Fund	671,812.05	645,309	643,535	644,954
Total Funding Costs	\$671,812.05	\$645,309	\$643,535	\$644,954
Current Level Services	671,812.05	645,309	643,535	644,954
Total Service Costs	\$671,812.05	\$645,309	\$643,535	\$644,954

Agency Description

The Montana Forest Conservation and Experiment Station's purposes include the study of relationships between forests and other dimensions of the environment, the discovery of ways to improve the products of forest lands and the completion and publication of reports about forestry research. Research is carried on at Lubrecht Experimental Forest and at other locations in Montana in cooperation with private, state and federal agencies.

Issues Addressed/Legislative Intent

The appropriation for general fund support of the Montana Forest and Conservation Experiment Station reflects continuation of the reduction of staff from the FY86 level due to the rescission of budget authority in the 1986-87 biennium.

The agency reported an actual staff level of 18.57 FTE for FY86 and a budgeted number of 16.54 FTE for FY87. Cuts have been made in classified employees and graduate research assistants to reach the appropriated level of support for the 1988-89 biennium. No vacancy savings rate was applied because the agency has less than 20 FTE.

Operating expenses increase by almost 3% from including some insurance and utility costs of the Lubrecht Forest operation in the MFCES appropriation. These costs had previously been paid from the University of Montana's auxiliary fund.

This program is 100% funded from general fund. (Resource Indemnity Trust funds had been appropriated to support MFCES in FY86 only.)

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	86.82	86.82	84.63	84.63
Personal Services	1,916,667.43	2,017,631	1,973,951	1,974,026
Operating Expenses	1,084,962.84	472,853	464,172	460,957
Equipment	51,267.19	31,517	12,000	12,000
Total Agency Costs	\$3,052,897.46	\$2,522,001	\$2,450,123	\$2,446,983
General Fund	2,639,471.06	2,060,846	2,064,753	2,062,057
Federal & Other Spec Rev Fund	413,426.40	461,155	385,370	384,926
Total Funding Costs	\$3,052,897.46	\$2,522,001	\$2,450,123	\$2,446,983
Current Level Services	3,051,147.46	2,522,001	2,450,123	2,446,983
Budget Amended Services	1,750.00	0	0	0
Total Service Costs	\$3,052,897.46	\$2,522,001	\$2,450,123	\$2,446,983

Agency Description

The Montana School for the Deaf and Blind is a boarding school for a maximum of 80 children and adolescents who are deaf and/or blind or whose hearing or sight is so defective that they are unable to receive a proper education in the public schools of the state. Additionally, the school provides for a minimum of 50 day students from the Great Falls area. The school serves over 230 students in local education agencies through a resource consultant program. The statutory authority for the school is contained in Title 20, chapter 8, part 1, MCA. The purpose of the school is to provide, by the use of specialized methods and systems, an

ordinary public school education and to teach trades and vocations that will enable children attending the school to become independent and self-sustaining citizens.

Issues Addressed/Legislative Intent

The legislature adopted two major policy options concerning the Montana School for the Deaf and Blind. HB871 provides additional funding to adjust salary levels of certified and licensed faculty at the school. In addition, the legislature transferred the audiology program to the Office of Public Instruction. This action reverses a previous legislative decision which placed the program at the school.

ADMINISTRATION PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	5.00	5.25	5.00	5.00
Personal Services	137,410.62	138,154	135,609	135,516
Operating Expenses	46,830.63	39,876	62,284	44,322
Total Program Costs	\$184,241.25	\$178,030	\$197,893	\$179,838
General Fund	184,241.25	178,030	197,893	179,838
Total Funding Costs	\$184,241.25	\$178,030	\$197,893	\$179,838
Current Level Services	184,241.25	178,030	197,893	179,838
Total Service Costs	\$184,241.25	\$178,030	\$197,893	\$179,838

Program Description

The Administration Program staff provide purchasing, accounting, and personnel functions and management of business affairs for the school.

Issues Addressed/Legislative Intent

The legislature approved a budget for the Administration Program at the FY86 level with increases for insurance

totalling \$1,245 per year, and for audit costs totalling \$13,081 in FY88 only. The FTE level falls by 0.25 FTE due to a transfer of this position to the Student Services Program. Vacancy savings of 4% was applied against this program.

GENERAL SERVICES PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	5.75	6.50	4.00	4.00
Personal Services	118,434.73	121,443	91,014	91,542
Operating Expenses	150,910.64	196,230	157,711	167,994
Equipment	3,508.90	0	0	0
Total Program Costs	\$272,854.27	\$317,673	\$248,725	\$259,536
General Fund	272,854.27	317,673	248,725	259,536
Total Funding Costs	\$272,854.27	\$317,673	\$248,725	\$259,536
Current Level Services	272,854.27	317,673	248,725	259,536
Total Service Costs	\$272,854.27	\$317,673	\$248,725	\$259,536

Program Description

The General Services Program staff are responsible for the repair and maintenance of the school's eight (8) buildings and 18.5 acre campus.

Issues Addressed/Legislative Intent

The legislature approved a budget for this program that is reduced from the FY86 level. The reasons for the reduction

result from approval of the agency request to transfer 2.5 FTE from this program to the Student Services Program. The deleted FTE were a 0.75 FTE groundskeeper and a 1.75 FTE custodial worker. Operating expenses increase to reflect anticipated inflation for utilities in the 1989 biennium. Vacancy savings of 4% was applied against this program.

STUDENT SERVICES Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	30.20	27.47	31.95	31.95
Personal Services	526,660.74	523,586	590,984	590,485
Operating Expenses	99,040.19	122,701	- 126,112	130,470
Equipment	16,850.74	1,710	4,000	5,850
Total Program Costs	\$642,551.67	\$647,997	\$721,096	\$726,805
General Fund	612,551.67	617,997	686,096	691,805
Federal & Other Spec Rev Fund	30,000.00	30,000	35,000	35,000
Total Funding Costs	\$642,551.67	\$647,997	\$721,096	\$726,805
Current Level Services	642,551.67	647,997	721,096	726,805
Total Service Costs	\$642,551.67	\$647,997	\$721,096	\$726,805

Program Description

The Student Services Program exists to provide residential care for a maximum of 80 children living at the school.

Issues Addressed/Legislative Intent

The FTE level in this program increases by 4.48 FTE which reflects the agency request to transfer positions into this program and reclassify them as cottage life attendants to meet the needs of staffing the cottages on the school's campus. Vacancy savings was budgeted at 1% for this program.

Operating expenses increase by \$25,246 in FY88 and by \$26,651 in FY89 for additional travel expenses that will be incurred for sending students home for weekends with their families during the school year. The legislature approved a proposal by the Board of Public Education to stop trans-

porting students in school-owned vans due to potential liability problems. The school has begun transporting students strictly by commercial carrier. The increases in the budget are attributable to the anticipated increases for air charter service. Legislation that supports this change in policy was contained in SB370 of the 1987 Legislative Session.

The legislature did not approve specific items of equipment for the school. Rather, \$12,000 per year was approved for use across all programs according to the priorities established by the school. At the time of the hearings, it appeared that the expenditure level in this program would be approximately \$4,000 in FY88 and \$5,850 in FY89.

Funding for this program is from the general fund and from the school lunch program. It was anticipated by the legislature that the school will receive \$35,000 per year from the federal school lunch program.

EDUCATION Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	45.87	47.60	43.68	43.68
Personal Services	1,134,161.34	1,234,448	1,156,344	1,156,483
Operating Expenses	116,607.34	114,046	118,065	118,171
Equipment	30,907.55	29,807	8,000	6,150
Total Program Costs	\$1,281,676.23	\$1,378,301	\$1,282,409	\$1,280,804
General Fund	898,249.83	947,146	932,039	930,878
Federal & Other Spec Rev Fund	383,426.40	431,155	350,370	349,926
Total Funding Costs	\$1,281,676.23	\$1,378,301	\$1,282,409	\$1,280,804
Current Level Services	1,279,926.23	1,378,301	1,282,409	1,280,804
Budget Amended Services	1,750.00	0	0	0
Total Service Costs	\$1,281,676.23	\$1,378,301	\$1,282,409	\$1,280,804

Program Description

The Education Program exists to provide an education for children with a hearing and/or sight loss which prevents them from receiving an adequate education in their regular hometown public or private school. The program also provides "mainstream" programs for certain students in a joint effort with Great Falls Public School System.

Issues Addressed/Legislative Intent

The FTE level in this program was reduced reflecting the absorption of the FY87 unfunded pay plan and reductions in FY86 and FY87. In total, 3.92 FTE were reduced but budgeted personal services expenditures increase because the remaining positions are fully funded. A 1% vacancy savings factor was applied against this budget.

The legislature reduced the 1986 base for educational supplies by \$2,236 in FY88 and \$2,335 in FY89. Additional funds totalling \$9,750 in each fiscal year was appropriated for replacement of outdated textbook series.

The legislature did not identify specific equipment purchases. Rather, \$12,000 was appropriated for all programs at the school. The actual expenditure of the equipment funds

was left to the priorities established by the school. At the time of the legislative hearings, it appeared that the school would spend \$8,000 in FY88 and \$6,150 in FY89 in this program.

Funding for this program comes from the general fund; federal chapter I funds at \$168,870 in FY88 and \$168,426 in FY89; \$3,000 per year from athletic events; \$1,500 per year from federal chapter II funds; and \$177,000 per year from interest and income earnings. It is anticipated that interest and income earnings will decline from the FY86 level of \$210,673 due to the declining interest rates.

The legislature did not approve a modified budget request to replace federal chapter I funds with general fund. If the federal funds do decline as is now anticipated, reductions of approximately \$3,100 in FY88 and \$24,000 in FY 89 will be necessary.

The legislature passed HB871 which requires the Board of Public Education to adjust salary schedules for certified or licensed faculty of the School for the Deaf and Blind. The legislation will result in increased expenditures for personal services totalling \$23,029 in each year of the 1989 Biennium.

AUDIOLOGY PROGRAM Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	671,574.04	0	0	0
Total Program Costs	\$671,574.04	\$0	\$0	\$0
General Fund	671,574.04	0	0	0
Total Funding Costs	\$671,574.04	\$0	\$0	\$0
Current Level Services	671,574.04	0	0	0
Total Service Costs	\$671,574.04	\$0	\$0	\$0

Program Description

The Audiology Program provides hearing screening services to all public schools in Montana. The services are carried

out by providers contracting with the Office of Public Instruction Special Services Division. Appropriate referrals are made for students identified as having a hearing loss.

Issues Addressed/Legislative Intent

The audiology program was moved by the legislature from the the Board of Public Education and the School For the

Deaf and Blind to the Office of Public Instruction, Special Services Division.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	5.50	4.00	7.97	7.97
Personal Services	102,469.88	113,255	205,996	174,667
Operating Expenses	292,796.39	222,117	260,386	186,161
Equipment	1,544.00	0	0	0
Grants	670,163.08	168,600	1,283,000	160,703
Total Agency Costs	\$1,066,973.35	\$503,972	\$1,749,382	\$521,531
General Fund	118,707.00	111,174	125,315	120,154
State Special Revenue Fund	530,716.35	0	1,222,217	0
Federal & Other Spec Rev Fund	417,550.00	392,798	401,850	401,377
Total Funding Costs	\$1,066,973.35	\$503,972	\$1,749,382	\$521,531
Current Level Services	1,066,973.35	503,972	1,749,382	521,531
Total Service Costs	\$1,066,973.35	\$503,972	\$1,749,382	\$521,531

Agency Description

As authorized by section 22-2-101, MCA, the Montana Arts Council exists to encourage the expansion of opportunities for all Montana citizens to create, participate in, and appreciate the arts, regardless of age, sex, race, income, place of residence, or physical condition. The Montana Arts Council encourages the study and presentation of the arts throughout the state. It stimulates public interest and participation in arts activities and cooperates with public and private institutions engaged in artistic and cultural activities. It also provides grants for technical assistance, distribution of art resources, special project assistance, and pilot project development.

Issues Addressed/Legislative Intent

The legislature consolidated the three programs of the Arts Council into one program entitled Promotion of the Arts.

This program now includes the Grants Program and the Special Projects Program.

The executive recommended to the legislature the conversion of contracted service employees to state employees. The latest audit from the Office of the Legislative Auditor recommended that the Arts Council convert these contracted service employees to state employees because they did not meet the definition of independent contractors as defined in Section 39-71-120, MCA. Also, there was a concern as to employer responsibility regarding taxes, unemployment compensation and workers' compensation responsibilities if these employees are incorrectly classified as independent contractors.

The program narratives discuss the conversion of contracted services employees to state employees and the program consolidation in greater detail.

PROMOTION OF THE ARTS Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	2.10	2.10	7.97	7.97
Personal Services	61,067.60	72,723	205,996	174,667
Operating Expenses	73,472.40	40,597	260,386	186,161
Equipment	299.00	0	0	0
Grants	0.00	12,489	1,283,000	160,703
Total Program Costs	\$134,839.00	\$125,809	\$1,749,382	\$521,531
General Fund	60,399.00	54,390	125,315	120,154
State Special Revenue Fund	0.00	0	1,222,217	0
Federal & Other Spec Rev Fund	74,440.00	71,419	401,850	401,377
Total Funding Costs	\$134,839.00	\$125,809	\$1,749,382	\$521,531
Current Level Services	134,839.00	125,809	1,749,382	521,531
Total Service Costs	\$134,839.00	\$125,809	\$1,749,382	\$521,531

Program Description

The promotion of the Arts program provides for the core administrative function of the Council, including the Executive Director, Executive Secretary, office manager, accounting support, public communication and coordination, document processing, clerical support, Council operations, and audit.

Issues Addressed/Legislative Intent

The legislature consolidated the three programs of the Arts Council into one program. The Promotion of the Arts Program now includes the Grants Program and the Special Projects Program.

The legislature adopted the executive's recommendation to convert 3.47 FTE overall from contracted services to personal services. The net cost of converting these employees was \$18,424 in FY88 and \$18,186 in FY89. These positions have been budgeted under grants from federal sources. As state employees, they will continue to be federally funded. The agency contracted for these employees through the Montana Institute of the Arts Foundation.

The FY86 actual reflects 2.10 FTE appropriated during the 49th Legislature when the Promotion of the Arts Program was one of three programs within the Arts Council. The consolidation of the programs and the placing of contracted services employees into personal services as state employees has increased the FTE level shown in FY88 and FY89. The total FTE authorized in HB 2 is 6.84 FTE in FY88 and 6.86 FTE in FY89. The FY88 FTE reflects an additional 1.13 administrative FTE and FY* includes an additional 1.11 FTE funded by HB 4 state special revenue to administer the cultural and aesthetic projects. Thus, 7.97 FTE are shown in FY88 and 6.86 in FY89.

A vacancy savings factor was not applied to the Arts Council budget. The legislature chose not to apply a vacancy savings to this agency because it has less than 20 employees.

The operational portion of the budget increases in FY88 and FY89 primarily because of the consolidation of the programs and the inclusion of operational funds from HB 4 allocated in FY88. The FY86 reflects operational expenditures for the Promotion of the Arts Program prior to the consolidation of the programs.

The FY88 grants from state sources includes \$20,000 in general fund for local special projects and \$1,222,217 from HB 4. FY89 includes the \$20,000 general fund grants as provided in the appropriations bill. The allocation of HB 4 coal tax funds is not reflected in FY89.

The council is appropriated \$125,315 of general fund in FY88 and \$120,154 in FY89. As in FY86, there is \$20,000 of general fund included to fund special projects. The rest of the general fund is used to support a portion of the general operations.

The total federal and private funds appropriated are \$401,850 in FY88 and \$401,377 in FY89. Included in these funds are community matching funds of \$69,450 each year. The community matching funds for dance and drama and the Artist-in-the-Schools Program were not previously appropriated. The legislative auditors recommended that these funds be included in the 1989 biennium.

The legislature passed HB 4 which appropriates cultural and aesthetic funds for granting to successful applicants for various projects. It also appropriates funds to the Montana Arts Council for the administration of these grants as discussed in this narrative and the agency narrative.

GRANTS Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Grants	670,163.08	148,171	0	0
Total Program Costs	\$670,163.08	\$148,171	\$0	\$0
General Fund	20,000.00	20,000	0	0
State Special Revenue Fund	481,498.08	0	0	0
Federal & Other Spec Rev Fund	168,665.00	128,171	0	0
Total Funding Costs	\$670,163.08	\$148,171	\$0	\$0
Current Level Services	670,163.08	148,171	0	0
Total Service Costs	\$670,163.08	\$148,171	\$0	\$0

Program Description

The Grants Program includes: 1) Council-initiated projects, 2) Council grants and fellowships, and 3) Cultural and aesthetic projects grants.

The definitions of these various types are as follows:

Council-initiated projects: These projects, carried out at the initiation of the Council, may or may not be on-going, are administered by existing staff, and are charged only for the direct costs incurred with no administrative costs allocated to them.

Council grants and fellowships: Applications are made by nonprofit organizations and individual artists and compete with all other applications submitted. Grants are reviewed by staff, evaluated by advisory panels, which in turn make

their recommendations to the full Council which make the final awards.

Cultural and aesthetic projects grants: Applications are made by governing units and compete with all other Cultural and Aesthetic projects proposals submitted. Grants are reviewed by staff, evaluated by the Cultural and Aesthetic Projects Advisory Committee, which makes its recommendations to the joint sub committee on Education and Culture. The final allocations are legislated by the House and Senate.

Issues Addressed/Legislative Intent

The legislature transferred the entire Grants Program into the Promotion of the Arts Program.

SPECIAL PROJECTS Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	3.40	1.90	.00	.00
Personal Services	41,402.28	40,532	0	0
Operating Expenses	219,323.99	181,520	0	0
Equipment	1,245.00	0	0	0
Grants	0.00	7,940	0	0
Total Program Costs	\$261,971.27	\$229,992	\$0	\$0
General Fund	38,308.00	36,784	0	0
State Special Revenue Fund	49,218.27	0	0	0
Federal & Other Spec Rev Fund	174,445.00	193,208	0	0
Total Funding Costs	\$261,971.27	\$229,992	\$0	\$0
Current Level Services	261,971.27	229,992	0	0
Total Service Costs	\$261,971.27	\$229,992	\$0	\$0

Program Description

The special projects program carries out the on-going programs of the Council, including Organizational Services, Artists Services and Artists in Schools, the Montana Folklife

Project, Coal Tax Administration, data processing, Advisory Panels, and Public Art.

Issues Addressed/Legislative Intent

The legislature transferred the entire Special Projects Program into the Promotion of the Arts Program.

LIBRARY COMMISSION

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	26.60	25.50	27.50	27.50
Personal Services	588,687.86	569,239	654,963	654,327
Operating Expenses	430,316.29	301,751	408,361	393,683
Equipment	114,084.32	97,494	114,457	95,014
Grants	686,077.34	588,483	569,309	538,876
Total Agency Costs	\$1,819,165.81	\$1,556,967	\$1,747,090	\$1,681,900
General Fund	542,293.89	524,096	548,652	520,199
State Special Revenue Fund	528,390.61	423,866	429,461	418,979
Federal & Other Spec Rev Fund	748,481.31	609,005	768,977	742,722
Total Funding Costs	\$1,819,165.81	\$1,556,967	\$1,747,090	\$1,681,900
Current Level Services	1,819,165.81	1,556,967	1,747,090	1,681,900
Total Service Costs	\$1,819,165.81	\$1,556,967	\$1,747,090	\$1,681,900

Agency Description

As authorized in Title 22, Chapter 1, MCA, the Montana State Library is responsible for providing assistance and advice to all tax supported libraries and to citizens and local governments which may wish to establish and improve libraries. It administers all state and federal funding to public libraries throughout Montana. It administers the State Library which (a) provides information service to state government; (b) provides referral and backup service to all libraries in the state; (c) provides direct library service to all blind and physically handicapped Montana residents; (d) is responsible for distribution centers of state documents, and (e) is responsible for the Natural Resource Information System and the Natural Heritage Program under MCA 90-15-101. It also oversees the six federations of libraries and does policy development, long range planning and coordination of library service throughout the state.

Issues Addressed/Legislative Intent

The total current level FTE budgeted for FY86 and FY87 for the State Library was 25.50. An additional 2.00 FTE were created for the Natural Resources/Heritage Program as authorized in HB 860 of the 49th Legislature. This brought the library to a total of 27.50 FTE. The FY86 actual FTE of

26.60 reflects the agency's current level of 25.50 plus 1.10 FTE utilized by the Natural Resources/Heritage Program when FTE were hired for only a portion of FY86.

The State Library made numerous position transfers between its programs in FY86. These actions were an effort to provide the most efficient supervision and staff coverage for the various functions of the library in view of difficult fiscal conditions.

This transferring of positions accounts for the various levels of program FTE reflected in FY86. Overall, the library remained within its authorized level of positions.

The legislature consolidated the seven programs of the State Library into two programs. The Reference and Information Services Program now includes the Library Development Program, the Institutional Library Services Program, the Library Services for Physically Handicapped Program, the Administration Program, and the Technical Services Program.

The Natural Resources/Heritage program is the other program within the State Library. This program did not have any major changes as a result of the consolidation.

The legislature consolidated the State Library programs to provide greater management flexibility.

REFERENCE/INFORMATION SERVICES
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	6.58	6.50	25.50	25.50
Personal Services	155,799.76	129,759	601,369	600,812
Operating Expenses	137,975.71	152,053	324,994	316,582
Equipment	83,860.24	85,691	114,457	95,014
Grants	0.00	0	569,309	538,876
Total Program Costs	\$377,635.71	\$367,503	\$1,610,129	\$1,551,284
General Fund	269,310.01	251,813	548,652	520,199
State Special Revenue Fund	19,045.28	21,874	299,000	311,000
Federal & Other Spec Rev Fund	89,280.42	93,816	762,477	720,085
Total Funding Costs	\$377,635.71	\$367,503	\$1,610,129	\$1,551,284
Current Level Services	377,635.71	367,503	1,610,129	1,551,284
Total Service Costs	\$377,635.71	\$367,503	\$1,610,129	\$1,551,284

Program Description

Under MCA 22-1-103(2)(4)(7), the Reference and Information Services program provides staff, services and collections of materials to make available information service for all state agencies and state employees. It also provides referral and backup services for all libraries within the state. The collections of materials provide an information base for state government and special items which local libraries are not able to provide. Services include interlibrary loan for all state employees, database searching for both state employees and citizens in Montana, circulation and collection development.

Issues Addressed/Legislative Intent

The legislature consolidated the seven programs of the State Library into two programs. The Reference and Information Services program now includes the following former programs: 1) Library Development, 2) Institutional Library Services, 3) Library Services for the Blind and Physically Handicapped, 4) Administration, and 5) Technical Services. The other program is the Natural Resources/Heritage which contains no other previous programs. The legislature chose to reduce the number of programs at the library in order to simplify administrative functions. The services provided remain intact. The FY86 and FY87 figures reflect the reference and information program prior to this consolidation of programs.

The Reference and Information program is budgeted for 25.50 FTE each year of the 1989 biennium. In order to meet unfunded pay increases and other actions of the 49th Legislature, a 1.00 FTE library clerk position was deleted saving \$14,182 in FY88 and \$14,157 in FY89. This level of personal services includes 1.00 FTE Librarian approved in the Kellogg modification as approved by the legislature. A 1% vacancy savings factor was applied to personal services each year.

The approved Kellogg modification allows the library to receive and expend private funds from the Kellogg Foundation as part of a four state grant for information delivery to rural communities. The Kellogg grant was approved for FY86 and FY87 by the budget amendment process. The legislature authorized the continuation of the project in the

1989 biennium. It does include one position which is to conduct formal programs for rural resident needs in information education and training programs. The total amount of funds approved is \$48,500 each year.

The legislature adopted the executive recommendation to discontinue the Butte film service contract saving \$11,572 of general fund each year. This action was taken in order to meet the necessary reductions from the June Special Session of the 49th Legislature.

The operational budget increases by \$6,245 each year because of a price increase imposed by the Western Library Network for usage of their system.

Equipment is authorized at \$114,457 in FY88 and \$95,014 in FY89. Included in this equipment is \$18,527 in FY88 for the purchase of a high speed cassette duplicator. The remainder of the equipment funds is to be used for books and materials.

The library is funded with general fund, a portion of the earmarked coal severance tax, and federal funding from the Library Services and Construction Act (LSCA). The general fund expended in FY86 was \$542,298 as compared to the authorized general fund of \$548,652 in FY88 and \$520,199 in FY89.

The library is faced with a 31% decline in coal severance tax. This state special revenue decreased from the FY86 actual expenditure level of \$430,613 in FY86 to the budgeted \$299,000 in FY88 and \$311,000 in FY89. This decline is attributable to lower coal production and prices. The LSCA funds will increase by 1% in FY88 but decline by 5.9% or \$42,392 from the FY88 level to the FY89 level. The \$48,500 for the approved Kellogg modification is included in the federal and private account. The library is authorized \$3,000 each year for miscellaneous reimbursements.

The legislature placed specific language in the appropriations bill which allows LSCA funds to be transferred between FY88 and FY89. The language reads:

"The amounts included in item 1 in the federal special revenue column represent Library Services and Construction Act funds that may be transferred between fiscal 1988 and 1989."

LIBRARY COMMISSION

LIBRARY DEVELOPMENT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	3.54	3.00	.00	.00
Personal Services	70,584.16	92,223	0	0
Operating Expenses	43,687.55	33,648	0	0
Grants	686,077.34	588,483	0	0
Total Program Costs	\$800,349.05	\$714,354	\$0	\$0
General Fund	34,657.24	36,737	0	0
State Special Revenue Fund	368,534.12	361,153	0	0
Federal & Other Spec Rev Fund	397,157.69	316,464	0	0
Total Funding Costs	\$800,349.05	\$714,354	\$0	\$0
Current Level Services	800,349.05	714,354	0	0
Total Service Costs	\$800,349.05	\$714,354	\$0	\$0

Program Description

Under MCA 22-1-103(1)(3)(5)(8)(9), this program provides staff and services to give assistance and advice to all tax supported libraries and to local government and citizens who wish to establish and improve libraries. It oversees the six federations of libraries throughout Montana. It provides both automation planning and links Montana with computer networks throughout the region and the nation. This

includes development and coordination of library service, long range planning and public information about library services in the state.

Issues Addressed/Legislative Intent

The legislature transferred the entire Library Development Program and budget to the Reference and Information Services Program.

INSTITUTIONAL LIBRARY SERVICES Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	1.25	2.00	.00	.00
Personal Services	32,519.27	47,064	0	0
Operating Expenses	11,946.54	9,399	0	0
Equipment	9,049.19	10,873	0	0
Total Program Costs	\$53,515.00	\$67,336	\$0	\$0
General Fund	13,022.75	20,222	0	0
Federal & Other Spec Rev Fund	40,492.25	47,114	0	0
Total Funding Costs	\$53,515.00	\$67,336	\$0	\$0
Current Level Services	53,515.00	67,336	0	0
Total Service Costs	\$53,515.00	\$67,336	\$0	\$0

Program Description

Under MCA 22-1-103(7), this program provides staff and services for library service to Montana residents who are in state care in correctional, psychiatric or other institutions. It provides a staff member and library at Montana State Hospital, Warm Springs. It provides money to purchase materials and for contracts with local public libraries to serve the Veterans' Home, Columbia Falls; Center for the Aged, Lewistown; Eastmont Human Services Center,

Glendive; Pine Hills School, Miles City; and Swan River Youth Forest Camp, Swan Lake. Institutions close to Helena are served directly by the State Library. It also provides money for materials for the State Prison, Deer Lodge.

Issues Addressed/Legislative Intent

The legislature transferred the entire Institutional Library Services Program and budget to the Reference and Information Services Program.

**PHYSICALLY HANDICAPPED SERVICE
Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	4.88	5.00	.00	.00
Personal Services	102,790.73	97,939	0	0
Operating Expenses	36,865.87	39,311	0	0
Total Program Costs	\$139,656.60	\$137,250	\$0	\$0
General Fund	54,545.07	54,041	0	0
Federal & Other Spec Rev Fund	85,111.53	83,209	0	0
Total Funding Costs	\$139,656.60	\$137,250	\$0	\$0
Current Level Services	139,656.60	137,250	0	0
Total Service Costs	\$139,656.60	\$137,250	\$0	\$0

Program Description

Under MCA 22-1-103(6), this program provides staff, services and materials for direct library service to all people in Montana who are unable to use conventional print. It administers the Talking Book Program from the Library of Congress, with both books and talking book machines.

Coordination of volunteers who work with the blind or physically handicapped is part of this program.

Issues Addressed/Legislative Intent

The legislature transferred the entire Library Services For the Physically Handicapped Program and budget to the Reference and Information Services Program.

**ADMINISTRATION
Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	4.00	4.00	.00	.00
Personal Services	104,221.12	101,249	0	0
Operating Expenses	42,441.02	31,696	0	0
Equipment	202.40	930	0	0
Total Program Costs	\$146,864.54	\$133,875	\$0	\$0
General Fund	109,018.49	99,158	0	0
Federal & Other Spec Rev Fund	37,846.05	34,717	0	0
Total Funding Costs	\$146,864.54	\$133,875	\$0	\$0
Current Level Services	146,864.54	133,875	0	0
Total Service Costs	\$146,864.54	\$133,875	\$0	\$0

Program Description

Under MCA 22-1-103, this program administers the State Library and administers all state and federal funds appropriated for public libraries and library services. It provides support services for the Montana State Library Commission and the Montana Library Services Advisory Council.

Issues Addressed/Legislative Intent

The legislature transferred the entire Administration Program and budget to the Reference and Information Services Program.

TECHNICAL SERVICES
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	5.25	5.00	.00	.00
Personal Services	96,950.07	101,005	0	0
Operating Expenses	34,279.98	35,644	0	0
Equipment	9,029.95	0	0	0
Total Program Costs	\$140,260.00	\$136,649	\$0	\$0
General Fund	61,740.33	62,125	0	0
State Special Revenue Fund	43,034.69	40,839	0	0
Federal & Other Spec Rev Fund	35,484.98	33,685	0	0
Total Funding Costs	\$140,260.00	\$136,649	\$0	\$0
Current Level Services	140,260.00	136,649	0	0
Total Service Costs	\$140,260.00	\$136,649	\$0	\$0

Program Description

Under MCA 22-1-103(4) and 22-1-211 through 22-1-214, this program provides services related to the State Library materials collections and the state documents depository center. It is responsible for the purchase, cataloging and preparation of books, periodicals and other materials. It contains a federal documents depository program and is the

program within which the state documents depository center is operated.

Issues Addressed/Legislative Intent

The legislature transferred the entire Technical Services Program and budget to the Reference and Information Services Program.

NATURAL RESOURCES/HERITAGE
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	1.10	.00	2.00	2.00
Personal Services	25,822.75	0	53,594	53,515
Operating Expenses	123,119.62	0	83,367	77,101
Equipment	11,942.54	0	0	0
Total Program Costs	\$160,884.91	\$0	\$136,961	\$130,616
State Special Revenue Fund	97,776.52	0	130,461	107,979
Federal & Other Spec Rev Fund	63,108.39	0	6,500	22,637
Total Funding Costs	\$160,884.91	\$0	\$136,961	\$130,616
Current Level Services	160,884.91	0	136,961	130,616
Total Service Costs	\$160,884.91	\$0	\$136,961	\$130,616

Program Description

Under MCA 90-15-101, this program provides the Natural Resource Information System to streamline the management of the state's natural resource data and provide a standard system for the acquisition, storage and retrieval of data statewide. It inventories existing data, provides access to data, and assists other state agencies in managing data. The program is also responsible for administering the Montana Natural Heritage Program, a data base on special plants, animals, communities and geological features.

Issues Addressed/Legislative Intent

The legislature authorized 2.00 FTE in FY88 and FY89 in the library's second program which is the Natural Resources/Heritage program. The FY86 actual shows less

FTE because during the program start up time less FTE costs were expended. It is the legislature's intent for these two positions to now be a part of the personal services budget. The positions are a 1.00 FTE program manager and a 1.00 FTE library technician. The heritage project is authorized \$51,603 in FY88 and \$56,835 in FY89 to contract for necessary work requiring special expertise.

The legislature approved a modified request for federal and private funds of \$11,500 to manage an inventory of riparian habitats as part of the Montana Rivers Study for the management of a data base on bald eagles, and for inventories of special resources to be conducted by the Heritage program.

The Natural Resources/Heritage program is funded with state special revenue and federal and private funds. There is funding of \$100,926 from unused resource indemnity trust

fund carried forward to FY88. The library has not received any of these grant funds due to the priority listing for these funds. Nonetheless, these grants are for two years and can be spent within a two year period from the time they are received. Funding of \$52,140 is included from Fish, Wildlife, and Parks license fees in FY89. There is also \$24,535 in FY88 and \$55,839 in FY89 of carryover funds from the Department of State Lands. The Nature Conservancy organization provides funding of \$22,637 in FY89 for the operation of the program.

The legislature passed HB 7 which provides a grant of \$97,712 for the development of a Montana Water Resources Data Management Study.

They also passed HB 6 which provides a resource indemnity trust grant of \$177,970 to continue the operation of this program during the next biennium.

There is language in SB 373 which addresses the continued eligibility of this program for resource indemnity trust funds. The effect of SB 373 is to maintain consideration for funding for natural resource information programs in future bienniums.

COUNCIL ON VOCATIONAL EDUCATION

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	2.00	2.00	2.00	2.00
Personal Services	41,575.52	60,368	60,998	60,318
Operating Expenses	42,380.95	56,970	59,002	59,682
Total Agency Costs	\$83,956.47	\$117,338	\$120,000	\$120,000
Federal & Other Spec Rev Fund	83,956.47	117,338	120,000	120,000
Total Funding Costs	\$83,956.47	\$117,338	\$120,000	\$120,000
Current Level Services	83,956.47	117,338	120,000	120,000
Total Service Costs	\$83,956.47	\$117,338	\$120,000	\$120,000

Agency Description

The Montana Advisory Council on Vocational Education was created in 1985 by Executive Order No. 3-85 to comply with the Carl D. Perkins Vocational Education Act of 1984 (P.L.98-524). The role of the thirteen (13) member council lies in assessing and monitoring the coordination of programs provided by the Vocational Education Act, the Job Training Partnership Act, and the private sector as they fulfill mandated responsibilities. Additional responsibilities include advising and working with the superintendent of Public Instruction on the development of a State Plan, technical committees, evaluation criteria, adult training and retraining programs, and industry-education partnership.

The council meets several times each year to conduct evaluations of vocational education programs, review articulation among various education and training programs, and par-

ticipate in state planning for vocational education. The administrative staff conducts research, prepares research and annual reports, plans council meetings and travel, manages council fiscal activity, maintains all council records, supervises the accomplishment of council goals, and represents the council when directed to by council members.

Issues Addressed/Legislative Intent

The budget for the Advisory Council was substantially increased over the FY86 level for two reasons. First, the FY86 expenditure level is not representative of a normal year as the council was without a director for several months in FY86. Secondly, the council will receive additional federal funding expected to total \$120,000 per year in the 1989 biennium. The budget established by the legislature represents a more normal level of activity for the council.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	55.50	51.00	47.38	47.38
Personal Services	1,202,851.76	1,154,544	1,172,344	1,172,405
Operating Expenses	653,602.91	708,357	857,716	839,910
Equipment	509,101.71	22,308	19,900	9,900
Grants	255,388.61	610,000	610,000	610,000
Transfers	41,320.00	0	41,320	41,320
Debt Service	60,666.66	0	0	0
Total Agency Costs	\$2,722,931.65	\$2,495,209	\$2,701,280	\$2,673,535
General Fund	1,204,072.79	1,072,839	1,121,413	1,111,737
State Special Revenue Fund	188,366.97	0	0	0
Federal & Other Spec Rev Fund	900,338.95	1,060,461	1,093,780	1,041,918
Proprietary Fund	430,152.94	361,909	486,087	519,880
Total Funding Costs	\$2,722,931.65	\$2,495,209	\$2,701,280	\$2,673,535
Current Level Services	2,691,849.34	2,495,209	2,701,280	2,673,535
Budget Amended Services	31,082.31	0	0	0
Total Service Costs	\$2,722,931.65	\$2,495,209	\$2,701,280	\$2,673,535

Agency Description

The Montana Historical Society exists for the use, learning, culture, and enjoyment of the citizens of the state and for the collection, preservation and interpretation of Montana's material culture including artifacts, art, documents and records. The society maintains a library, an art gallery, a museum, historical exhibits, publishes the state historical magazine, a newsletter and other historical works, and provides educational information for travelers and the general public. The agency also administers the National Historic Preservation Act and the State Antiquities Act. The Historical Society was established in 1865 and is provided for in section 22-3-101, MCA.

Issues Addressed/Legislative Intent

The legislature deleted the capitol tours function that has been provided by the Historical Society. This action was taken in an effort to continue the reductions made during the June Special Session of the 49th Legislature. The general fund savings realized is \$14,084 each year of the 1989 biennium.

A 4% vacancy savings factor was applied to only general fund positions within the various programs of the Historical Society. The legislature did not apply a vacancy savings factor to non-general fund positions of this agency.

**ADMINISTRATION PROGRAM
Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	12.50	12.50	11.88	11.88
Personal Services	280,274.13	276,908	283,782	283,836
Operating Expenses	122,398.80	172,383	215,901	207,508
Equipment	486,176.46	0	0	0
Debt Service	60,666.66	0	0	0
Total Program Costs	\$949,516.05	\$449,291	\$499,683	\$491,344
General Fund	508,432.49	377,232	439,873	431,418
State Special Revenue Fund	150,000.00	0	0	0
Federal & Other Spec Rev Fund	291,083.56	72,059	59,810	59,926
Total Funding Costs	\$949,516.05	\$449,291	\$499,683	\$491,344
Current Level Services	949,516.05	449,291	499,683	491,344
Total Service Costs	\$949,516.05	\$449,291	\$499,683	\$491,344

Program Description

The Administration Program provides supervision, administration, and coordination of the eight programs in the Historical Society. Program staff are responsible for the effective management, planning, direction and leadership of the society as a whole. Activities include public relations, payroll/personnel, fund raising, financial reporting, business management, security and building management.

Issues Addressed/Legislative Intent

The legislature applied a 4% vacancy savings factor to general fund positions only. The legislature deleted .62 FTE in order to continue the actions of the June Special Session of

the 49th Legislature. The positions deleted were a .50 FTE stock clerk and a .12 FTE publicity specialist.

Operational costs increase by \$76,586 in FY88 and \$81,751 in FY89 for additional rent on the new addition to the Historical Society which was completed in FY86. The FY88 operational budget includes \$14,113 for the society's biennial audit. The FY86 expenditures for equipment and non-operating reflect the one-time purchase of the Russell collection. There is no equipment authorized in the Administration Program budget for the 1989 biennium.

This program is funded primarily with general fund which is authorized at \$439,873 in FY88 and \$431,418 in FY89. Private revenue consists of \$32,696 in FY88 and \$32,638 in FY89 of donated funds. Federal historic site preservation funds total \$27,114 in FY88 and \$27,288.

**LIBRARY PROGRAM
Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	7.00	5.00	5.00	5.00
Personal Services	155,682.28	116,496	128,014	128,371
Operating Expenses	40,000.53	43,261	32,354	31,954
Equipment	12,763.66	20,917	19,900	9,900
Total Program Costs	\$208,446.47	\$180,674	\$180,268	\$170,225
General Fund	150,649.54	147,041	154,194	154,151
Federal & Other Spec Rev Fund	57,796.93	33,633	26,074	16,074
Total Funding Costs	\$208,446.47	\$180,674	\$180,268	\$170,225
Current Level Services	208,446.47	180,674	180,268	170,225
Total Service Costs	\$208,446.47	\$180,674	\$180,268	\$170,225

Program Description

The Library Program's purpose is to acquire, organize, preserve and make accessible to the public published materials illustrative of the history of Montana, the surrounding region, and the Trans-Mississippi West and to assist

researchers seeking information in these areas. The program is provided for in section 22-3-103, MCA.

Issues Addressed/Legislative Intent

In FY86, the Library Program had 2.00 FTE funded from the National Endowment for the Humanities. These mod-

fied positions were responsible for the newspaper cataloguing project. This project is complete and 5.00 FTE are authorized in FY88 and FY89.

A 4% vacancy savings factor was applied to general fund positions.

Operational expenses decline by 19% because a one-time newspaper cataloguing project was completed in FY86. Federal grant funding terminated when the newspaper cataloguing project was completed.

The legislature approved equipment of \$19,900 in FY88 and \$9,900 in FY89. Included in the authorized equipment is \$9,900 each year for books and \$10,000 in FY88 for upgrading the micro computer system.

The \$10,000 microcomputer upgrade is funded from donated funds and was approved as a modified request in FY88.

This program has private donation funding of \$3,200 each year. It also receives \$12,874 each year from fees for copy services.

MUSEUM PROGRAM Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	9.50	9.50	8.50	8.50
Personal Services	164,737.74	213,037	203,130	203,058
Operating Expenses	95,282.48	113,910	169,691	135,588
Equipment	5,588.46	0	0	0
Total Program Costs	\$265,608.68	\$326,947	\$372,821	\$338,646
General Fund	211,846.40	216,633	207,379	207,342
Federal & Other Spec Rev Fund	53,762.28	110,314	165,442	131,304
Total Funding Costs	\$265,608.68	\$326,947	\$372,821	\$338,646
Current Level Services	265,608.68	326,947	372,821	338,646
Total Service Costs	\$265,608.68	\$326,947	\$372,821	\$338,646

Program Description

The Museum Program was established to collect, preserve, and interpret the history of Montana through its material culture. The museum collects fine arts and historical, archeological, and ethnological artifacts from Montana and the general geographic region. The program interprets its collections through exhibits and educational programs.

Issues Addressed/Legislative Intent

A curator position was deleted from current level to meet FY87 unfunded pay plan increases. This reduction of 1.00 FTE saves \$24,455 in FY88 and \$24,408 in FY89. The FY88 and FY89 personal services increases even with the reduction of this position. The reason for the increase is that a 1.00 FTE carpenter position and a .50 FTE graphic arts

position was left vacant throughout FY86. Also, a research aide position was vacant for half of the year. These vacancies generated \$46,497 in FY86. The legislature applied a 4% vacancy savings factor to the general fund positions of this program in FY88 and FY89.

The legislature approved a modified request for \$40,000 of donated funds to complete museum exhibit renovations. Also approved was a modified request of \$3,000 from donated funds to provide photos to the public on a cost recovery basis. A modified request of \$4,160 in FY88 was approved for artifact conservation work.

Consulting and professional services were authorized to increase by \$18,333 in FY88 primarily for needed art conservation expertise, a centennial historian and audiovisual consultant services for the new Montana history exhibition.

MAGAZINE PROGRAM
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	6.00	6.00	6.00	6.00
Personal Services	135,932.69	135,974	139,417	139,135
Operating Expenses	292,033.20	265,893	346,670	380,745
Equipment	2,187.05	0	0	0
Transfers	41,320.00	0	41,320	41,320
Total Program Costs	\$471,472.94	\$401,867	\$527,407	\$561,200
General Fund	41,320.00	39,958	41,320	41,320
Proprietary Fund	430,152.94	361,909	486,087	519,880
Total Funding Costs	\$471,472.94	\$401,867	\$527,407	\$561,200
Current Level Services	440,390.63	401,867	527,407	561,200
Budget Amended Services	31,082.31	0	0	0
Total Service Costs	\$471,472.94	\$401,867	\$527,407	\$561,200

Program Description

The Publications Program exists to fulfill one of the primary roles of the Society - "to promote the study of Montana History by lectures and publications" (section 22-3-108(15), MCA). The program publishes Montana the Magazine of Western History and the Montana Post, the official newsletter of the Society, on a quarterly schedule. It also publishes books under the Montana Historical Society Press imprint. The program is also responsible for the operation of the retail and mail order museum store operation.

Issues Addressed/Legislative Intent

The legislature did not apply a vacancy savings factor to the Magazine Program.

The operations increase primarily because of the following approved modified requests:

Magazine Promotion - The legislature authorized \$5,000 year of proprietary funds, generated from the sale of magazines, for printing costs to promote Montana the Magazine of Western History.

Centennial Increase - Approved is \$30,000 in FY88 and \$40,000 in FY89 of proprietary funds from the sale of goods to meet the demands of anticipated increased gift shop sales during the centennial.

Centennial Press Expansion - Proprietary funds of \$15,000 in FY88 and \$40,000 in FY89 were approved to provide new special publications for the centennial celebration. These funds are to be generated from the sale of publications.

Expanded Subscriptions - Authority of \$18,700 in FY88 and FY89 is approved to provide for 2,000 additional subscribers based upon a budget amendment which was approved in FY87.

The Magazine Program has \$41,320 of general fund in FY88 and FY89 which is the same level as FY86. The general fund constitutes 23% of the programs funding. The rest of the funding is from proprietary operations of the magazine, the press and the gift shop. The magazine sales funds are estimated at \$231,057 in FY88 and \$230,466 in FY89. The publications funds are provided at \$84,994 in FY88 and \$109,805 in FY89. The merchandizing funds are anticipated at \$179,609 in FY88 and FY89.

**PHOTOGRAPH ARCHIVES PROGRAM
Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	3.50	3.50	3.50	3.50
Personal Services	81,912.67	85,554	87,538	87,578
Operating Expenses	10,032.07	10,902	16,381	11,383
Equipment	1,184.57	0	0	0
Total Program Costs	\$93,129.31	\$96,456	\$103,919	\$98,961
General Fund	80,984.98	78,482	81,319	81,961
Federal & Other Spec Rev Fund	12,144.33	17,974	22,600	17,000
Total Funding Costs	\$93,129.31	\$96,456	\$103,919	\$98,961
Current Level Services	93,129.31	96,456	103,919	98,961
Total Service Costs	\$93,129.31	\$96,456	\$103,919	\$98,961

Program Description

The Photograph Archives Program exists to collect, organize, preserve and make accessible to the public photographic images and other iconographic material pertinent to the study of Montana history, and to provide support for exhibitions and publications of the Society and others using such images.

Issues Addressed/Legislative Intent

The Photograph Archives Program was established in FY87. This program is the photograph archives function previously contained in the Archives Program. The legislature authorized the 3.50 FTE in this new program. These positions are

a 1.00 FTE archivist, 1.00 FTE photographer, 1.00 FTE library technician and a .50 FTE library clerk. A 4% vacancy savings factor was applied to general fund positions only.

The general fund supports most of this program. The \$22,600 in FY88 and the \$17,000 in FY89 of federal and private revenue is derived from donations contributed to the society.

The legislature approved a modified request to receive a L.J. Skaggs grant of \$5,000 in FY88. These funds will be used to photograph Work Projects Administration (WPA) murals in post offices. These funds are part of the federal and private revenue account.

**HIST SITES PRESERVATION PROG
Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	7.00	7.00	6.50	6.50
Personal Services	169,536.88	165,176	172,871	172,663
Operating Expenses	49,565.74	57,817	47,313	43,326
Equipment	914.91	0	0	0
Grants	255,388.61	610,000	610,000	610,000
Total Program Costs	\$475,406.14	\$832,993	\$830,184	\$825,989
General Fund	74,646.78	72,340	66,379	64,359
Federal & Other Spec Rev Fund	400,759.36	760,653	763,805	761,630
Total Funding Costs	\$475,406.14	\$832,993	\$830,184	\$825,989
Current Level Services	475,406.14	832,993	830,184	825,989
Total Service Costs	\$475,406.14	\$832,993	\$830,184	\$825,989

Program Description

The staff of the Historical Sites Preservation Program administer the federal Historic Preservation Act and the federal grants-in aid for historic preservation. They also review all federally proposed projects within the state to determine their effect on historical properties listed in the National Register of Historic Places and those eligible for listing. The office certifies historic structures and rehabilitation projects for the federal tax credit offered in the Tax Reform Act of

1976 and oversees Montana's State Antiquities Act. The program is authorized by section 22-3-421, MCA.

Issues Addressed/Legislative Intent

The legislature authorized the reduction of a .50 FTE historic preservation officer to continue the actions of the 49th Legislature during the June Special Session. This action saved \$14,513 in FY88 and \$14,485 in FY89. A 4% vacancy savings factor was applied to general fund positions only.

The legislative audit fees increase to \$4,060 in FY88 from \$853 in FY86. Operational costs decrease by \$2,783 in travel in FY88 and \$2,711 in FY89.

The grants in this program increased by \$354,611 to the requested level of \$610,000. The legislature authorized this level of grants that provide for re grants to local governments

for historic site preservation. The level of grants authorized for FY88 and FY89 coincides with the FY87 level of grants.

The general fund decreases by 11% but the federal funds increase by 91% over the FY86 levels. The increase in federal funds reflects the agency's estimate of funds that can be granted to local and other jurisdictions for historic site preservation projects.

ARCHIVES PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	7.50	5.00	5.00	5.00
Personal Services	169,465.26	119,273	123,918	124,155
Operating Expenses	23,619.49	6,100	9,531	9,531
Equipment	286.60	1,391	0	0
Total Program Costs	\$193,371.35	\$126,764	\$133,449	\$133,686
General Fund	118,404.29	126,764	130,949	131,186
State Special Revenue Fund	38,366.97	0	0	0
Federal & Other Spec Rev Fund	36,600.09	0	2,500	2,500
Total Funding Costs	\$193,371.35	\$126,764	\$133,449	\$133,686
Current Level Services	193,371.35	126,764	133,449	133,686
Total Service Costs	\$193,371.35	\$126,764	\$133,449	\$133,686

Program Description

The Archives Program was created as a separate program of the society on July 1, 1977. Its major functions are to acquire, preserve, and assure public access to historically valuable private manuscripts and state records. Authority for its activities is provided for in section 22-3-202, MCA.

Issues Addressed/Legislative Intent

The Archives Program was budgeted for 8.50 FTE in FY86 and FY87. This program was split in FY86 and 3.5 FTE were transferred to a newly established Photograph Archives Program. The legislature authorized 5.00 FTE in FY88 and FY89 in this program. A 4% vacancy savings factor was applied to general fund positions.

The FY86 actual level of 7.50 FTE includes the 5.00 FTE plus 1.5 FTE from the cultural and aesthetic funds granted

in HB 933 of the 49th Legislature for the oral history project. It also includes 1.00 FTE which was privately funded for the now complete Holter Collection project.

The legislature passed HB4 which will continue cultural and aesthetic state special revenue to fund the 1.50 FTE for the Oral History project. HB4 provides a biennial appropriation of \$95,000 for this project.

The 31% decrease in this program and its funding from FY86 reflects the transfer of the Photograph Archives Program and the fact that funds appropriated in HB4 are not included in the appropriations act.

The legislature approved a federally funded modified request of \$2,500 each year for the Montana Historical Records Advisory Committee to attend three required meetings each year.

EDUCATION PROGRAM
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	2.50	2.50	1.00	1.00
Personal Services	45,310.11	42,126	33,674	33,609
Operating Expenses	<u>20,670.60</u>	<u>38,091</u>	<u>19,875</u>	<u>19,875</u>
Total Program Costs	\$65,980.71	\$80,217	\$53,549	\$53,484
General Fund	17,788.31	14,389	0	0
Federal & Other Spec Rev Fund	<u>48,192.40</u>	<u>65,828</u>	<u>53,549</u>	<u>53,484</u>
Total Funding Costs	\$65,980.71	\$80,217	\$53,549	\$53,484
Current Level Services	<u>65,980.71</u>	<u>80,217</u>	<u>53,549</u>	<u>53,484</u>
Total Service Costs	\$65,980.71	\$80,217	\$53,549	\$53,484

Program Description

The Education Program staff provide the interested public with access to Historical Society resources through thematic presentations using reproductions or facsimiles of its collections. The program's activities include interpretation of exhibits within the building or on historical sites, coordination of volunteer programs, provision of professional assistance to other cultural organizations in Montana, development and implementation of school programs, sponsorship of lectures and traveling exhibits, and coordination of the capital tours program.

Issues Addressed/Legislative Intent

The legislature deleted a .75 FTE administrative assistant and a .75 FTE tour guide, in order to continue the reductions made by the June Special Session of the 49th legislature. This action eliminates the capitol tours. There was no vacancy savings applied to this program.

Several base adjustments reduced the operational costs by \$796.

The general fund in this program was to support the capitol tours function which has been eliminated.

The other funding for this program is provided through private donations of \$47,203 in FY88 and \$47,140 in FY89. Also, there is \$5,000 each year of federal funds.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Personal Services	5,600.00	4,046	11,200	11,200
Operating Expenses	16,985.50	18,246	16,751	16,808
Transfers	0.00	0	1,617,690	0
Total Agency Costs	\$22,585.50	\$22,292	\$1,645,641	\$28,008
General Fund	22,585.50	22,292	190,951	28,008
Federal & Other Spec Rev Fund	0.00	0	1,454,690	0
Total Funding Costs	\$22,585.50	\$22,292	\$1,645,641	\$28,008
Current Level Services	22,585.50	22,292	1,645,641	28,008
Total Service Costs	\$22,585.50	\$22,292	\$1,645,641	\$28,008

Agency Description

The Montana Constitution gives the Board of Regents the authority to supervise, coordinate, manage, and control the Montana University System (Article X, Section 9). The Regents also supervise and coordinate the three community colleges (Flathead Valley, Miles City, and Dawson) and the vocational technical centers. To carry out these duties, the regents review existing programs, explore new program needs, establish new programs, and relocate or terminate programs. The regents also evaluate university presidents, make system-wide budget recommendations to the Executive and Legislature, supervise federal higher education programs, and operate a guaranteed student loan program.

Issues Addressed/Legislative Intent

The appropriation for general fund support of the Montana Board of Regents reflects the correct per diem rate of \$50, rather than the incorrect rate of \$25 that was used for the 1987 biennium appropriation. Approximately 220 days of annual meetings of the seven-member board have been budgeted.

The legislature chose not to fund the Governor's recommended Management Council of private sector task force members to review and make suggestions concerning managerial accountability and administrative control of the Montana university system.

The legislature did appropriate \$150,000 of general fund in HB2 for the biennium to support an analysis of the current methods of funding the university system. Of that amount, \$15,000 will help defray the costs of staff in the Office of the Commissioner of Higher Education and throughout the system to participate in that analysis. (See the Commissioner's Office administration program for more details.)

Other Appropriation Bills

HB787 appropriates \$163,000 of general fund to the Board of Regents for the extension by satellite of the University of Montana's Master of Business Administration program to the Billings, Montana, area to be offered in cooperation with programs at Eastern Montana College, but with a degree from the University of Montana. The appropriation is for FY88 only. The appropriation authority will be transferred from the Board of Regents to the University of Montana.

HB39 transfers governance of the Vocational Technical Centers from the Office of the Superintendent of Public Instruction to the Board of Regents. The actual administration of the program is handled in the Office of the Commissioner of Higher Education, but language is included in HB39 that appropriates \$1,454,690 of local impact and education trust fund account authority to the board to "operate" the votech centers in the 1988-89 biennium.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	6.00	6.00	5.00	5.00
Personal Services	183,293.34	170,019	162,571	162,964
Operating Expenses	53,215.00	53,758	50,821	48,476
Equipment	5,553.03	4,000	0	2,000
Total Agency Costs	\$242,061.37	\$227,777	\$213,392	\$213,440
General Fund	227,941.06	213,777	199,392	199,440
Federal & Other Spec Rev Fund	12,500.00	2,000	2,000	2,000
Proprietary Fund	1,620.31	12,000	12,000	12,000
Total Funding Costs	\$242,061.37	\$227,777	\$213,392	\$213,440
Current Level Services	242,061.37	227,777	213,392	213,440
Total Service Costs	\$242,061.37	\$227,777	\$213,392	\$213,440

Agency Description

As authorized in section 20-31-102, MCA, the Fire Services Training School exists to organize, supervise, and coordinate training and education for fire service personnel in the state in accordance with local needs and the standards established by the State Board of Public Education, and develop and deliver public fire safety education programs in the state.

The board provides general supervision of the school, which is located in Great Falls at the Vocational-Technical Center.

The Fire Services Training School administers and maintains a resource center for use by localities; provides regional, local, and state-wide training programs for fire services personnel; develops courses and training materials; maintains a network of unsalaried field instructors and offers a fire service professional certification program.

FIRE SERVICES TRAINING SCHOOL Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	6.00	6.00	5.00	5.00
Personal Services	183,293.34	170,019	162,571	162,964
Operating Expenses	53,215.00	53,758	50,821	48,476
Equipment	5,553.03	4,000	0	2,000
Total Program Costs	\$242,061.37	\$227,777	\$213,392	\$213,440
General Fund	227,941.06	213,777	199,392	199,440
Federal & Other Spec Rev Fund	12,500.00	2,000	2,000	2,000
Proprietary Fund	1,620.31	12,000	12,000	12,000
Total Funding Costs	\$242,061.37	\$227,777	\$213,392	\$213,440
Current Level Services	242,061.37	227,777	213,392	213,440
Total Service Costs	\$242,061.37	\$227,777	\$213,392	\$213,440

Issues Addressed/Legislative Intent

The budget for the Fire Services Training School was reduced from the FY86 level of operations by approximately \$29,000 per year. Reductions include the elimination of 1.0 FTE trainer that was stationed in Miles City, with the workload expected to be picked up by the remaining trainers on the staff. Consequently, travel expenditures were budgeted \$1,676 higher per year to account for additional travel for

the remaining four staff trainers. Vacancy savings was not taken against this budget.

Funding reflects a continuation of the proprietary authority totalling \$12,000 per year that the school was directed to generate from its services. Currently, the school charges for the use of resource materials such as training films and videos.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	553.18	493.71	498.16	498.41
Personal Services	13,934,746.39	12,839,989	13,539,893	13,553,001
Operating Expenses	9,382,590.30	8,397,143	10,351,391	9,207,912
Equipment	905,673.20	1,011,067	1,344,382	1,286,191
Capital Outlay	2,539,349.31	28,000	3,549,500	4,000
Grants	517,339.39	3,015,729	633,870	583,870
Transfers	1,829,034.19	543,644	2,318,474	2,368,790
Total Agency Costs	\$29,108,732.78	\$25,835,572	\$31,737,510	\$27,003,764
General Fund	405,052.81	0	0	0
State Special Revenue Fund	18,793,694.31	16,773,038	22,388,807	17,598,521
Federal & Other Spec Rev Fund	8,189,848.79	6,869,024	7,164,622	7,058,088
Proprietary Fund	1,720,136.87	2,193,510	2,184,081	2,347,155
Total Funding Costs	\$29,108,732.78	\$25,835,572	\$31,737,510	\$27,003,764
Current Level Services	27,075,996.64	25,835,572	31,737,510	27,003,764
Budget Amended Services	2,032,736.14	0	0	0
Total Service Costs	\$29,108,732.78	\$25,835,572	\$31,737,510	\$27,003,764

Agency Description

The purpose of the Department of Fish, Wildlife and Parks is to preserve, protect, enhance, maintain and make available to present and future generations all forms of Montana's wildlife, their habitat and the natural and cultural resources of aesthetic, scenic, historic, scientific and archaeological significance. The department's statewide responsibility in service to wildlife and habitat preservation reaches back over 83 years to the establishment in 1901 of a state game warden and early departmental structure. Since 1965, the department has also been responsible for the administration of the State Parks System in Montana. The Nongame and Endangered Species Conservation Act charges the department with the management of nongame wildlife for human enjoyment, for scientific purposes, and to ensure their perpetuation as members of ecosystems. The department is provided for in section 2-15-3401, MCA, and is regulated by Title 87, MCA.

Issues Addressed/Legislative Intent

A four percent vacancy savings factor is applied to all department programs.

The department requested a reorganization of the Parks Division and the Field Services Division which was adopted by the legislature. 14.0 FTE and the corresponding operating costs are transferred from the Parks Division to the Field Services Division. The functions transferred are: sign shop, land agent office, design and construction bureau, and corresponding administration functions. The intent of the reorganization is to consolidate support functions in the Field Services Division.

The following house and senate bills were passed and directly impact the Department of Fish, Wildlife and Parks.

HB658 - This bill provides for a fee in lieu of property tax for motorboats 10 feet in length and sailboats 12 feet in length or longer and increase the decal fee from \$1 to \$2. The increase in expenditures for enforcement of the statute is \$3,500 in FY89.

HB136 - This bill will increase gasoline license and diesel fuel taxes from .17 to .20 cents a gallon. The increase to the snowmobile gas tax is estimated to be \$56,843 in FY88 and \$61,000 in FY89. The increase to boat gas tax is estimated to be \$102,599 in FY88 and \$110,000 in FY89.

HB406 - This bill transferred the administrative duties for the Outfitter Council from FWP to the Department of Commerce.

HB535 - This bill revises the number and allocation of non-resident combination licenses.

HB64 - This bill requires competency training for persons under 18 years of age before purchasing a bow and arrow hunting license, and increasing the license fee \$1. Revenue increases approximately \$20,000 per year.

HB526 - This bill provides for the lease or purchase of land or easements for wildlife habitat with funding to come from non-resident fee increases. The new revenue generated is estimated at \$3,600,000 for the biennium.

SB331 - This bill establishes a pheasant enhancement program. Funding is derived through the usage of the revenue from bird license fees. New revenues are established at \$1,000,000 for the biennium.

SB219 - This bill provides a landowner preference for a class A-7 antlerless elk license and special elk permits.

CENTRALIZED SERVICES DIVISION
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	47.52	45.52	47.28	47.28
Personal Services	973,411.89	1,035,843	1,102,642	1,102,043
Operating Expenses	2,250,861.35	2,052,682	2,332,885	2,332,957
Equipment	4,899.78	573,295	610,953	783,789
Grants	0.00	40,000	0	0
Transfers	0.00	136,000	25,000	25,000
Total Program Costs	\$3,229,173.02	\$3,837,820	\$4,071,480	\$4,243,789
State Special Revenue Fund	1,473,849.96	1,608,224	1,857,509	1,867,282
Federal & Other Spec Rev Fund	209,620.83	291,597	303,235	294,821
Proprietary Fund	1,545,702.23	1,937,999	1,910,736	2,081,686
Total Funding Costs	\$3,229,173.02	\$3,837,820	\$4,071,480	\$4,243,789
Current Level Services	3,229,169.22	3,837,820	4,071,480	4,243,789
Budget Amended Services	3.80	0	0	0
Total Service Costs	\$3,229,173.02	\$3,837,820	\$4,071,480	\$4,243,789

Program Description

The Centralized Services Division is an administrative and support unit for the department.

The Accounting and Finance Bureau provides for the functions of budgeting; property accounting; deposit of funds; payment of vendor invoices and purchasing, payroll; and monitors the finances of the department's vehicle fleet, print shop and warehouse operations.

The License Bureau conducts the drawings for licenses and permits for moose, sheep, goat, antelope, elk and deer, and administers the sale of hunting and fishing licenses through license dealers.

Other duties in the division include federal aid and word processing.

Issues Addressed/Legislative Intent

The Centralized Services Division maintained 47.52 in FY86 and is appropriated 47.28 in both years of the 1989 biennium. The appropriation for personal services increases approximately 12% from FY86 to FY89. Increases are the result of: 1) 5.18 positions were vacant for part of FY86. These same positions are funded in FY88 and FY89. 2) HB298 (this bill requires that a person have an elk license before entering the elk permit drawing) and SB219 (this bill establishes a landowner preference for elk drawings) add additional responsibilities which require .45 FTE clerical support. 3) .60 FTE was eliminated to fund the pay plan.

Operating expenses increased in the following areas:

- 1) insurance costs increase \$49,626. These costs were previously budgeted in all divisions; now consolidated in centralized services.
- 2) gasoline costs increase \$25,695 - inflation adjustment
- 3) supplies and repair costs increase \$24,900 with the financing coming from increased gas tax revenues
- 4) appropriation of \$85,000 to transfer indirect charges to the general fund. (FWP charges federal programs for support services provided by other agencies that are general funded. These reimbursements are deposited in the general fund.)
- 5) minor adjustments plus inflation equaling \$9,202

Operating adjustments between FY88 and FY89 include:

- 1) elimination of \$53,000 in audit costs
- 2) increase in computer access charges equaling \$7,800
- 3) increase for consulting fees equaling \$6,300

HB298 resulted in a biennial increase to operating costs of 7,800 and HB535 requires an additional \$20,000 to implement. HB535 creates nonresident deer licenses and establishes a procedure for selling these licenses.

The equipment budget for centralized services includes the following:

- 1) Vehicles, \$525,628 in FY88 and \$579,047 in FY89
- 2) Office, \$5,821 in FY88 and \$654 in FY89
- 3) Aircraft rebuilds, \$99,000 in FY89
- 4) Print Shop, \$22,400 in FY89
- 5) Equipment added through modifications, \$79,504 in FY88 and \$82,688 in FY89

Legislative contract authority (LCA) is included in the non-operating budget. The agency uses LCA to handle the numerous federal grants it receives during the biennium, which cannot be anticipated or budgeted for during the budget process.

Funding for the division is from general license funds and other state special and federal revenue accounts. Also, the print shop, warehouse, and equipment proprietary funds finance the respective services with charges to users within the agency. Legislative contract authority is financed with federal funds.

Vehicle Fund Transfer - allows the transfer of \$118,327 in FY88 and \$150,660 in FY89 from the hunting and fishing license account to the equipment revolving account. This transfer provides adequate cash to cover vehicle operating costs and equipment purchases.

Internal Service Fund - To correspond to other budget modifications in other programs, the internal service fund account in centralized services reflects the vehicle operations costs of the agency. To the extent that a budget modification involves travel the internal service fund must be increased a like amount. In FY88, the increase is \$181,811 and in FY89 the increase is \$188,633.

DEPT OF FISH, WILDLIFE & PARKS

FIELD SERVICES DIVISION Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	33.96	31.00	47.71	47.71
Personal Services	875,531.21	825,252	1,310,439	1,309,903
Operating Expenses	486,595.61	455,300	729,620	678,230
Equipment	41,661.79	9,330	146,245	36,430
Capital Outlay	4,810.00	28,000	7,500	0
Grants	0.00	45,000	0	0
Transfers	0.00	0	45,000	45,000
Total Program Costs	\$1,408,598.61	\$1,362,882	\$2,238,804	\$2,069,563
State Special Revenue Fund	1,062,175.45	1,019,892	1,919,537	1,762,237
Federal & Other Spec Rev Fund	346,423.16	342,990	319,267	307,326
Total Funding Costs	\$1,408,598.61	\$1,362,882	\$2,238,804	\$2,069,563
Current Level Services	1,364,096.71	1,362,882	2,238,804	2,069,563
Budget Amended Services	44,501.90	0	0	0
Total Service Costs	\$1,408,598.61	\$1,362,882	\$2,238,804	\$2,069,563

Program Description

The Field Services Division staff provide liaison between the Directors Office and Regional Supervisors, perform all department personnel activities, coordinate the statewide game damage control program and manage all aircraft activities.

Issues Addressed/Legislative Intent

The Field Services Division maintained 33.96 FTE in FY86. The budget recommended for the 1989 Biennium included the elimination of .75 FTE to finance the FY87 pay plan. In FY88 and FY89 47.71 FTE are approved. The increases are due to the following actions:

1) 14.0 FTE are transferred from the Parks Division to Field Services. These 14.0 FTE positions are in the sign shop, land agent office, design and construction bureau, and corresponding administration personnel. 2.31 FTE, which were formally contractual employees, are added to current level. This action is the result of an internal revenue service audit which concluded that the employees did not meet the criteria to be classified "contractual".

While the increase to personal services between FY86 and FY88 is significant (54.31%), there is a decrease in the Parks Division, which gave up 14.0 FTE to this division.

The most significant increases to the operating budget are the result of the corresponding operational costs of the 14.0 FTE transferred from the Parks Division (\$117,000) and a biennial appropriation of \$72,000 for rent of private space at Kalispell to house FWP employees while a new regional headquarters is being constructed. Cost is based on the agency needing 7,000 square feet of rental space plus moving costs.

In the 1989 Biennial budget, funding for the repair and maintenance of microcomputers is consolidated into this budget. Total agency cost is \$14,019 in FY88 and \$14,419 in FY89.

Legislative contract authority in the amount of \$45,000 per fiscal year is included in the transfer portion of the budget.

Funding for this program is primarily from hunting and fishing fees and from federal funds.

Block Management Program - An additional \$40,000 per year increase to the block management program is approved. Funding is from hunting and fishing license funds and will be used to contract with individuals to supervise hunting on private land.

Increased Operations and Maintenance - \$30,959 in FY88 and \$47,795 in FY89 is appropriated for increased operating and maintenance costs at regional offices. Funding is from hunting and fishing license funds.

FISHERIES DIVISION
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	137.62	99.29	100.24	100.49
Personal Services	3,180,719.13	2,539,768	2,670,063	2,678,414
Operating Expenses	1,560,368.75	1,127,482	1,213,062	1,182,595
Equipment	195,210.13	87,730	134,950	103,670
Capital Outlay	376.30	0	0	0
Grants	16,000.00	1,217,000	68,500	18,500
Transfers	20,000.00	0	920,000	920,000
Total Program Costs	\$4,972,674.31	\$4,971,980	\$5,006,575	\$4,903,179
State Special Revenue Fund	2,847,827.67	2,796,800	2,806,308	2,782,335
Federal & Other Spec Rev Fund	2,124,846.64	2,175,180	2,200,267	2,120,844
Total Funding Costs	\$4,972,674.31	\$4,971,980	\$5,006,575	\$4,903,179
Current Level Services	3,822,533.58	4,971,980	5,006,575	4,903,179
Budget Amended Services	1,150,140.73	0	0	0
Total Service Costs	\$4,972,674.31	\$4,971,980	\$5,006,575	\$4,903,179

Program Description

The staff of the Fisheries Division manage Montana's fisheries resources to provide optimum sport fishing for Montana's resident and nonresident anglers. They also regulate commercial use of nongame fish and fishing areas where commercial operations are compatible with sport fishing.

Issues Addressed/Legislative Intent

The Fisheries Division eliminated 3.21 FTE to fund the unfunded portion of the FY87 pay plan. This reduction is reflected in the 1989 Biennial budget. .90 FTE is returned from Parks to Fisheries where it was originally budgeted. Also, .66 FTE which were contractual employees, are converted to state employees due to an IRS audit finding which stated that these employees did not meet the definition for "contractual."

Changes to operating costs between FY86 and FY88 are as follows:

- 1) \$14,000 reduction in consulting and professional services
- 2) \$44,000 reduction in contracted computer services
- 3) \$24,000 reduction in travel
- 4) \$7,000 reduction in utilities
- 5) \$6,000 reduction in repairs and maintenance

In FY89, printing costs are reduced \$42,000 from FY88. Budget modifications increased operating costs by \$167,716 in FY88 and \$185,018 in FY89.

Major equipment authorized for the biennium includes:

	FY88	FY89
Agricultural and Landscaping	\$ 9,300	\$ 11,550
Autos and Trucks	20,000	0
Household	1,450	4,400
Marine Equipment	58,650	42,300
Office	900	1,000
Shop, Plant, Industrial	4,100	4,575
Photographic	2,000	0
Laboratory	1,700	600
Snow Removal	0	800
Trailers and Campers	0	4,800
Field Monitoring Equipment	21,850	18,645
Other Equipment	15,000	15,000
TOTAL	\$134,950	\$103,670

Also included in the budget is \$920,000 per year of legislative contract authority which includes a \$20,000 grant to the Department of Health for in-stream flow work. In addition, \$18,500 per year is provided for a grant to the cooperative fisheries research unit at Montana State University.

HB599 which appropriates \$150,000 (\$50,000 license fees, \$100,000 general fund) to the University of Montana for Yellow Bay Experiment Station was amended during the Free Conference Committee on HB2 to reduce the general fund appropriation and replace it with FWP license funds. The impact of this amendment was that FWP would have to transfer a total of \$150,000 license fees to Yellow Bay via HB2, rather than grant \$50,000 in funds to the experiment station as specified in HB599. Upon review of this situation with the federal Department of Fish and Game, the conclusion was made that a transfer of \$150,000 to Yellow Bay could be construed as a diversion. Consequently, the language as it appears in HB2 concerning this issue was line-item vetoed by the Governor. HB599 remains in effect; thus, FWPs will grant to Yellow Bay \$50,000.

The division is funded with general license funds and federal Dingell-Johnson funds. Dingell-Johnson funds are derived from a federal excise tax on fishing equipment. These funds require a 25% state match.

Missouri River Reservations - .25 FTE and \$23,834 in FY88 and \$23,835 in FY89 is approved to continue the

Missouri River water reservations process. 1.25 FTE is already in the current level for this project. Funding is \$18,000 in FY88 and \$18,001 in FY89 from federal funds and \$5,834 license fee revenue in each year.

Expanded Fish Hatchery Operations - .50 FTE is approved along with authorization for expansion of four fish hatcheries located at Giant Springs, Yellowstone River, Big Springs and Miles City. Funding is \$60,000 of federal funds yearly and general license funds of \$20,868 in FY88 and \$21,146 in FY89.

Central Montana Fisheries Enhancement - Increased funding is approved for the fishery management program on the Missouri, Smith, and Dearborn Rivers along with temporary help for central Montana farm pond and reservation man-

agement. The modification includes 1.0 FTE and \$25,000 in federal funds in FY88, \$24,000 in FY89, \$7,658 in license fees in FY88 and \$7,151 in FY89.

Fish Disease Prevention - Increased funding is appropriated to better monitor and control trout and salmon diseases. \$6,925 in FY88 and \$7,247 in FY89 of general license funds will be used.

Co-op Fish Monitoring - This modification gives approval for a cost share program with Bonneville Power Authority, U.S. Forest Service, and other agencies to monitor and plan for development activities in the Flathead/Kootenai Basin waters. Funding is from general license funds of \$22,931 in FY88 and \$41,639 in FY89. .50 FTE is added in FY88 and .75 FTE in FY89.

LAW ENFORCEMENT DIVISION Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	88.73	87.33	88.67	88.67
Personal Services	2,873,778.95	2,636,205	2,786,778	2,790,328
Operating Expenses	869,201.52	817,786	849,046	873,449
Equipment	116,857.37	48,000	82,411	55,789
Grants	0.00	84,000	0	0
Transfers	0.00	290,000	138,474	138,790
Total Program Costs	\$3,859,837.84	\$3,875,991	\$3,856,709	\$3,858,356
State Special Revenue Fund	3,772,455.94	3,791,991	3,702,088	3,703,724
Federal & Other Spec Rev Fund	87,381.90	84,000	154,621	154,632
Total Funding Costs	\$3,859,837.84	\$3,875,991	\$3,856,709	\$3,858,356
Current Level Services	3,772,455.94	3,875,991	3,856,709	3,858,356
Budget Amended Services	87,381.90	0	0	0
Total Service Costs	\$3,859,837.84	\$3,875,991	\$3,856,709	\$3,858,356

Program Description

The Enforcement Division staff are responsible for protecting fish and wildlife and their habitat and for protecting recreation, historical, and archaeological sites from willful or negligent destruction. They maintain field administration of license agents and administer the provisions of special purpose licenses and permits. The 1981 Legislature established the Conservation Officer Program to increase enforcement of game laws by using non-enforcement personnel.

Issues Addressed/Legislative Intent

To fund the FY87 pay plan, the Enforcement Division eliminated .33 FTE. This reduction is carried into the 1989 Biennium. Also, .17 FTE is transferred from the Administration Division to the Law Enforcement Program and 1.5 FTE are added through budget modifications. There is a reduction to personal services between FY86 and FY88 because the appropriation of fines and fees to wardens is eliminated. The fines and fees are appropriated statutorily.

House Bill 406 transfers responsibility for the administration of the Outfitters Council from this division to the Department of Commerce. The effective date of transfer is October 1, 1987. The reduction to the operating budget because of this transfer is \$36,058 in FY88 and \$48,078 in FY89.

An additional \$35,000 is added in FY89 to implement the fee in lieu of property tax on motorboats, as provided in HB658.

There is a \$50,300 per year increase for warden travel. The FY86 actual travel expenses were low because of eight vacant positions. In the 1989 Biennium, wardens are converted to a 28 day month rather than a 40 hour week. It is anticipated that this change will increase travel.

Equipment authorized for the Law Enforcement Division includes the following:

Equipment	FY88	FY89
Communications	\$16,000	\$16,000
Law Enforcement	22,550	11,789
Marine	16,961	15,000
Shop, Plant & Industrial	2,000	2,000
Scientific	300	0
Trailers & Campers	15,000	6,000
Horses	4,000	0
Equipment in Approv. Mods	5,600	5,000
TOTAL	\$82,411	\$55,789

Non-operating costs is a federal grant for a boating safety program.

Funding for the division is primarily from the general license fund; however, earmarked revenue including snow-

mobile registration fees, motorboat certification identification fees and fuel tax is also used.

Increased Warden Support - 1.0 FTE is approved for increased warden support in the Billings region. \$32,294 in FY88 and \$31,684 in FY89 is appropriated for this purpose.

Warden/Biologist, Thompson Falls - .50 FTE is approved to assist the biologist and game warden in Thompson Falls.

This new position will handle existing routine duties of the warden and biologist. Funding is from general license funds of \$16,570 in FY88 and \$16,562 in FY89.

WILDLIFE DIVISION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	109.98	94.49	95.24	95.24
Personal Services	2,951,650.95	2,638,094	2,750,449	2,751,651
Operating Expenses	2,185,060.13	2,105,281	3,035,923	1,977,959
Equipment	263,695.25	77,618	162,281	120,721
Capital Outlay	449.00	0	3,542,000	4,000
Grants	6,830.79	1,004,729	30,370	30,370
Transfers	0.00	0	1,165,000	1,165,000
Total Program Costs	\$5,407,686.12	\$5,825,722	\$10,686,023	\$6,049,701
State Special Revenue Fund	2,551,210.55	2,655,257	7,264,150	2,627,810
Federal & Other Spec Rev Fund	2,856,475.57	3,170,465	3,421,873	3,421,891
Total Funding Costs	\$5,407,686.12	\$5,825,722	\$10,686,023	\$6,049,701
Current Level Services	4,697,218.25	5,825,722	10,686,023	6,049,701
Budget Amended Services	710,467.87	0	0	0
Total Service Costs	\$5,407,686.12	\$5,825,722	\$10,686,023	\$6,049,701

Program Description

The division is responsible for the department's survey, inventory, and research of the state's wildlife resource and its habitat. This work provides a biological basis for game and fur season recommendations to the commission each year. The staff maintain cooperation with federal and state agencies, organizations, landowners, and sportsmen in programs affecting wildlife in the state. The division staff also operate and maintain the department's wildlife management areas in the state, which total 270,000 acres.

Issues Addressed/Legislative Intent

The personal services budget for the 1989 Biennium includes the elimination of 3.20 FTE first deleted in the 1987 Biennium to fund the FY87 pay plan. The budget also includes the transfer of .17FTE from other divisions, a .20 FTE correction which the department requested, (this request is for FTE only, funding is derived from funds already included in the budget) and the creation of 1.28 FTE which were formally contractual employees, but did not meet the criteria of "contractual" according to an IRS audit. Approved modifications add an additional 3.05 FTE.

Senate Bill 109 adds an additional \$12,000 for the biennium to implement this bill which allows one moose permit to be auctioned and the revenues earmarked for moose management.

Changes to the operating budget in the 1989 Biennium include: \$20,700 in appraisal fees, \$15,000 per year increase for the non-game program, and a \$16,000 per year increase for printing of hunting regulations.

The department recommended other reductions adding up to \$28,500. There is also a \$8,750 reduction in rent for FY89.

Included in the Wildlife Division's budget is the big horn sheep program, funded through the auction of one sheep license per year, valid anywhere in the state, to the highest bidder. Because the program was not fully operational until FY87, the expenditure base in FY86 was too low to reflect accurate spending. Consequently, there is a base adjustment from \$13,500 per year to \$21,400 per year. (For FY87, the license was sold for \$109,000, with FWPs receiving 90%)

Authorized equipment for the 1989 Biennium is listed below.

Equipment	FY88	FY89
Agricultural	\$ 3,000	\$ 1,250
Auto and Truck	14,000	0
Marine	0	10,000
Office	3,320	0
Shop, Plant & Industrial	15,000	4,850
Trailers	18,000	2,000
Scientific	5,475	7,390
Field Monitoring	61,800	61,000
General	12,118	11,131
Horses	3,000	0
Equipment in Approved	26,568	23,100
Modifieds		
TOTAL	\$162,281	\$120,721

Legislative contract authority in the amount of \$1,165,000 per year is authorized and is part of non-operating costs. Non-operating costs also include grants of \$30,370.

The division is funded from general license funds, Pittman-Robertson federal funds, non-game state revenues, sheep and moose auction proceeds, waterfowl stamp license fees, collectors stamps and artwork.

Legislative Intent:

Boilerplate language is added to HB2 which prohibits the use of parks coal tax trust earnings revenues and state parks revenues for acquisition of wildlife habitat.

Statewide Enhancement Enforcement Survey - The legislature approved 1.05 FTE and operating funds to upgrade the department's capabilities to curtail illegal activities, provide public information and collect the biological data necessary to determine allowable harvest rates for elk, deer, and antelope. The funding is from general license funds, \$49,500 in FY88 and \$49,513 in FY89.

Wildlife Mitigation Plans - .50 FTE is approved to implement a wildlife mitigation plan at Hungry Horse and Libby Dams. \$24,502 in FY88 and \$24,503 in FY89 is appropriated.

Statewide Effects / Archery Hunting - Funding is approved to evaluate the statewide effects of archery hunting on elk.

The funding source is general license funds: \$27,900 in FY88 and \$19,000 in FY89.

Minimize Grizzly Conflicts - This modification approves 1.0 FTE and \$44,563 in FY88 and \$44,594 in FY89 of general license funds to capture and relocate problem bears, test aversive conditioning, and keep the public informed on potential bear problems.

Non-game Program - Continuation of the non-game state income tax checkoff is approved for \$7,000 in FY88 and \$7,000 in FY89.

Landowner/Hunter Assistance - .50 FTE biologist/warden position in Thompson Falls is approved to help biologist personnel in the area. The funding source is general license funds: \$16,230 in FY88 and \$16,259 in FY89.

Expanded Weed Control - This modification appropriates \$10,000 of general license funds in each year of the biennium to increase the department's weed control efforts.

RECREATION & PARKS DIVISION Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	100.51	100.57	83.87	83.87
Personal Services	1,943,005.19	2,019,498	1,747,101	1,748,946
Operating Expenses	1,229,585.03	1,050,058	1,295,992	1,284,219
Equipment	102,078.74	199,890	177,290	164,590
Capital Outlay	4,393.81	0	0	0
Grants	414,508.60	500,000	445,000	445,000
Transfers	0.00	117,644	0	0
Total Program Costs	\$3,693,571.37	\$3,887,090	\$3,665,383	\$3,642,755
General Fund	405,052.81	0	0	0
State Special Revenue Fund	2,685,597.18	3,130,079	2,947,038	2,932,286
Federal & Other Spec Rev Fund	428,486.74	501,500	445,000	445,000
Proprietary Fund	174,434.64	255,511	273,345	265,469
Total Funding Costs	\$3,693,571.37	\$3,887,090	\$3,665,383	\$3,642,755
Current Level Services	<u>3,693,571.37</u>	<u>3,887,090</u>	<u>3,665,383</u>	<u>3,642,755</u>
Total Service Costs	\$3,693,571.37	\$3,887,090	\$3,665,383	\$3,642,755

Program Description

The staff of the Recreation and Parks Division are responsible for the operation and maintenance of the State Parks System, including state parks, recreation areas, monuments, recreational waterways, recreational roads and trails, and fishing access sites. They are also responsible for: conservation of the scenic, historic, archaeological, scientific and recreational resources of the state; the administration of the Federal Land and Water Conservation Fund in Montana; and the administration of snowmobile recreation in Montana, by providing for maintenance and installation of snowmobile facilities.

Issues Addressed/Legislative Intent

The 1989 Biennium budget includes the continuation of the deletion of 3.20 FTE first eliminated to fund the FY87 pay plan.

Also included in the budget is the transfer of 2.55 FTE to other programs and an increase of .36 FTE for capital com-

plex mapping and coal tax operations (approved for FY87) The department's request to transfer 14.0 FTE to the Field Services Division, the creation of 2.0 FTE positions for increased park maintenance and the increase of .75 FTE state employees from contracted services was approved. Overall, these changes resulted in a decrease to personal services of approximately 10%.

Operating expenses deviated from the FY86 level in the following areas:

- 1) House Bill 136, which increased the tax on gas, resulted in an increased appropriation of \$42,000 for snowmobile trail improvements and \$85,000 for boat access site improvements.
- 2) The transfer of 14.0 FTE to Field Services reduced operating expenses by \$117,000.
- 3) an additional \$60,500 for park maintenance
- 4) one-time appraiser fees in FY86 were eliminated, saving \$48,300.

The equipment budget includes the following:

Equipment	FY88	FY89
Agricultural	\$ 67,260	\$ 47,140
Communications	0	1,250
Construction	0	1,400
Office	2,030	3,700
Engineering	0	0
Other	8,000	5,800
Field Monitoring	0	5,300
Snowmobile	100,000	100,000
TOTAL	\$177,290	\$164,590

\$445,000 per year of federal land and water conservation funds which are awarded to county municipal governments,

town governments, and school districts is included in non-operating costs.

Funding for the division is derived from snowmobile registrations, snowmobile fuel tax, coal tax, motorboat fuel tax, state park revenue, and fishing license revenue. Capitol grounds maintenance is supported through charges to all state agencies.

Increased Snowmobile Program - \$61,000 in FY88 and \$61,000 in FY89, from the snowmobile fuel tax, is appropriated and than distributed to snowmobile organizations to improve trail signing, and to maintain and add mileage to trails.

CAPITAL OUTLAY Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	11,266.43	0	0	0
Capital Outlay	2,529,320.20	0	0	0
Transfers	1,734,034.19	0	0	0
Total Program Costs	\$4,274,620.82	\$0	\$0	\$0
State Special Revenue Fund	2,435,363.51	0	0	0
Federal & Other Spec Rev Fund	1,839,257.31	0	0	0
Total Funding Costs	\$4,274,620.82	\$0	\$0	\$0
Current Level Services	4,274,620.82	0	0	0
Total Service Costs	\$4,274,620.82	\$0	\$0	\$0

Program Description

The Capital Outlay Program supports the Department in land acquisition and development and maintenance activities.

Issues Addressed/Legislative Intent

Capital outlay project funds for FWP are expended through this program. The table above shows actual expenditures for FY86.

HB5, Long Range Building Projects, authorizes funds for capital projects for the 1989 Biennium. Projects for Fish, Wildlife and Parks are listed individually in the special long range building narrative presented in the front part of this report.

Fish, Wildlife and Parks is also given the authority to accept donations of labor and materials to reconstruct boating facilities on Flathead Lake.

CONSERVATION EDUCATION DIV
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	21.50	21.50	22.05	22.05
Personal Services	639,105.88	641,700	670,014	669,323
Operating Expenses	473,846.65	485,164	553,163	537,942
Equipment	66,912.19	14,604	27,452	21,202
Grants	0.00	30,000	0	0
Total Program Costs	\$1,179,864.72	\$1,171,468	\$1,250,629	\$1,228,467
State Special Revenue Fund	1,064,535.12	1,066,155	1,111,104	1,088,942
Federal & Other Spec Rev Fund	115,329.60	105,313	139,525	139,525
Total Funding Costs	\$1,179,864.72	\$1,171,468	\$1,250,629	\$1,228,467
Current Level Services	1,139,624.78	1,171,468	1,250,629	1,228,467
Budget Amended Services	40,239.94	0	0	0
Total Service Costs	\$1,179,864.72	\$1,171,468	\$1,250,629	\$1,228,467

Program Description

The Conservation Education Division exists to assist the department in reaching its overall goals through well-designed public information and education programs. The program informs the public about fish and wildlife laws, administrative rules and policies that are designed to regulate outdoor recreation activities; creates a public awareness of the responsibilities of the Department of Fish, Wildlife and Parks in state government and in the management of fish, wildlife and parks; educates the public about the needs of fish and wildlife and the importance of other natural and cultural resources associated with outdoor recreation; informs citizens of issues that may affect fish, wildlife, parks and various forms of outdoor recreation; fosters good will and support for the department and its programs; and encourages communication and cooperation among sportsmen, landowners, and the department; coordinates training in the areas of hunter, boat & snowmobile safety.

Issues Addressed/Legislative Intent

The increase of .55 FTE is a transfer of .20 FTE from the Parks Division and .35 FTE from the Administration Program.

The major adjustments in operating expenses from FY86 to FY88 include:

- 1) \$26,000 transfer of LCA to the base for hunter safety.
- 2) \$5,600 increase for snowmobile safety education. This increase is the result of the .3 cent increase in the gas tax, as stipulated in HB136.
- 3) HB64 provides for a bow hunting safety education program increases operating expenses by \$29,592 in FY88 and \$10,400 in FY89.

The total biennial equipment budget includes:

- 1) \$11,050 for educational equipment
- 2) \$8,600 for photographic equipment
- 3) \$18,996 for video equipment
- 4) \$5,000 per year for equipment related to boat safety education.

Funding is from the general license revenue and federal Pittman-Robertson funds.

Bear Education - \$7,500 in both years of the biennium is appropriated from the general license funds for the printing of informational materials for bear education.

Boater Safety - \$30,000 in both years of the biennium is appropriated to increase public information through the printing of informational materials for boating safety. Funding is from federal funds.

ADMINISTRATION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	Appropriated FY 1989
Full Time Equivalent Employees	13.36	14.01	13.10	13.10
Personal Services	497,543.19	503,629	502,407	502,393
Operating Expenses	315,804.83	303,390	341,700	340,561
Equipment	114,357.95	600	2,800	0
Grants	80,000.00	95,000	90,000	90,000
Transfers	75,000.00	0	25,000	75,000
Total Program Costs	\$1,082,705.97	\$902,619	\$961,907	\$1,007,954
State Special Revenue Fund	900,678.93	704,640	781,073	833,905
Federal & Other Spec Rev Fund	182,027.04	197,979	180,834	174,049
Total Funding Costs	\$1,082,705.97	\$902,619	\$961,907	\$1,007,954
Current Level Services	1,082,705.97	902,619	961,907	1,007,954
Total Service Costs	\$1,082,705.97	\$902,619	\$961,907	\$1,007,954

Program Description

The staff of the Administration Program provide the executive leadership functions of the Fish and Game Commission, the Director's Office, and associated staff services. The commission sets department policies and priorities and regulates the harvest of fish, game and furbearers through regulations establishing seasons and bag limits. The Director's Office provides executive direction for the department's overall program and implements policies established by the Legislature, Governor, and the Fish and Game Commission.

Issues Addressed/Legislative Intent

The following personal services recommendations were approved by the legislature: the transfer of 1.60 FTE to other divisions, the transfer in of 1.70 FTE from the Parks Division and the elimination of .36 FTE to finance the FY87 pay plan. The net result of these changes is a .26 reduction in FTE from FY86 to FY88.

The major adjustments in operating expenses between FY86 and FY88 is the reduction of \$42,800 in contracted services

and a \$20,000 per year appropriation for Cooney Dam and \$50,000 per year was added for the purchase and planting of conservation reserve trees and shrubs.

The only equipment requested and approved was \$2,800 for office equipment in FY88 only.

Included in the non-operating costs is:

- 1) \$90,000 grant to the Department of Livestock for predator control. This is a \$10,000 per year increase over FY86.
- 2) \$25,000 per year for legislative contract authority
- 3) \$50,000 in FY89 to the State Library for the Natural Heritage Program.

Legislative Intent:

The following boilerplate language is approved: "No funds shall be used for lawsuits between state agencies in which the Department of Fish, Wildlife, and Parks is a plaintiff, unless it has been approved in written consent by the Governor."

Funding for the division is from general license funds and an overhead charge for administering federal funds received by the department.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	240.79	236.25	247.09	246.84
Personal Services	6,379,639.59	6,359,803	7,017,267	6,832,305
Operating Expenses	4,762,663.96	11,143,793	10,911,969	11,005,262
Equipment	252,266.40	12,705	312,189	154,467
Grants	6,143,752.00	5,919,758	3,952,760	3,986,641
Benefits and Claims	4,437,246.36	0	7,299,325	7,491,298
Total Agency Costs	\$21,975,568.31	\$23,436,059	\$29,493,510	\$29,469,973
General Fund	3,853,776.54	3,350,205	4,273,548	3,588,021
State Special Revenue Fund	1,774,244.74	2,241,961	2,800,278	2,226,262
Federal & Other Spec Rev Fund	16,347,547.03	17,843,893	22,419,684	23,655,690
Total Funding Costs	\$21,975,568.31	\$23,436,059	\$29,493,510	\$29,469,973
Current Level Services	21,838,597.78	23,436,059	29,493,510	29,469,973
Budget Amended Services	136,970.53	0	0	0
Total Service Costs	\$21,975,568.31	\$23,436,059	\$29,493,510	\$29,469,973

Agency Description

The Department of Health and Environmental Sciences was created to protect and promote the health of the people of Montana through the implementation of beneficial public health programs and the enforcement of public health laws and regulations. It is the responsibility of the department staff to assess health care needs and problems in cooperation with local and private sources, to develop and implement programs designed to meet health needs and alleviate problems, and to continually evaluate current public health programs.

The department administers the maternal and child health block grant and the preventive health block grant and categorical grants from the federal government.

The department is provided for in section 2-15-2101, MCA, and its general powers and duties are specified in section 50-1-202, MCA.

Issues Addressed/Legislative Intent

The legislature added a new program to the Department of Health and Environmental Sciences (DHES), eliminated one program, reauthorized two programs due to sunset at FY87 year end, approved a new bonding authority to allow the department to match federal superfund monies for hazardous waste cleanup, and authorized the sale of up to \$10 million of such bonds. The annual appropriation for the department increases about \$7.4 to \$7.5 million over FY86 actual expenditures. Almost all the growth is in federal funds when actual FY86 funding is compared to FY88 and FY89 appropriations.

Department functions expanded when the legislature instituted state regulation of health maintenance organizations (HMOs). SB 353 requires the department to determine whether an applicant for a certificate of authority to operate an HMO has the ability to provide accessible health care services; has a quality assurance program concerning availability, accessibility, and continuity of service; and has a procedure to develop, compile, evaluate, and report statistics relating to the cost, utilization, accessibility, and availability of its services. The bill allows the department to assess fees

to fund the new program and establishes a statutory appropriation for expenditure of such fees. The fiscal note for the bill indicated that DHES would hire 1.0 FTE and incur expenses of about \$110,000 in FY88 and \$107,000 in FY89 to administer the program.

Legislation was enacted that reauthorized two programs due to sunset at the end of FY87. SB 246 extended the certificate of need (CON) process until June 30, 1989 and HB 716 funded the statewide voluntary genetics program through the 1989 biennium.

Federal health planning monies, that partially funded the Health Planning Bureau, were eliminated. Bureau staff and expenses were reduced and the legislature approved 100% state funding for the program. Part of the state funding increase is offset by the CON application and hearing fees established in SB 246 which are expected to increase general fund revenues by about \$86,250 annually.

The voluntary statewide genetics program is funded by a \$520,000 biennial general fund appropriation. The program was instituted by the 1985 Legislature and funded with a \$.40 tax on insurance companies for each Montana resident insured under an individual or group disability or health insurance policy on February 1 of each year. The 1987 Legislature continued the program and funding, but lowered the tax to \$.35 per insured resident.

The Governor's initiative was adopted to fund the state match for federal superfund and underground storage tank trust fund monies to cleanup hazardous waste sites. HB 777 allocates 12% of the resource indemnity trust (RIT) interest income to the department. No more than one-half of the biennial income may be appropriated by the legislature for operating costs in certain department programs. The remaining income from the 12% allocation can be used to fund the state match for hazardous waste cleanup. The bill also added a new bonding mechanism to fund the state cleanup match if necessary. The bonds will be repaid with RIT funds from the 12% allocation or other revenues deposited to the state special revenue account established in HB 777. HB 760 authorized the issuance of up to \$10 million worth of such bonds.

The total agency appropriation increases about \$7.4 million in FY88 above actual FY86 expenditures. Increases in federal authority account for almost all the expansion (see Table1). Federal funds budgeted in FY88 are \$5,922 million

greater than FY86 actual federal expenditures and \$7.308 million greater in FY89. Most of the growth in federal authority is in the superfund program.

Table 1
Federal Funds Budgeted for the Department of Health
FY86 Actual and 1989 Biennium

Fund	Actual FY86	FY88	FY89
Department Wide Funds			
Maternal and Child Health Block Grant	\$1,980,761	\$1,897,421	\$1,897,421
Preventive Health Block Grant	604,511	632,187	632,187
Director's Office			
Legal Fees		15,164	4,080
Centralized Services Division			
Indirect Cost Recovery	460,351*	390,000	390,000
National Center for Health Statistics	59,022	69,435	69,435
Data Processing Fees	26,090	39,014	36,016
Film Library Fees	22,371	16,998	17,996
Environmental Sciences Division			
Superfund	1,049,773	5,643,301	6,833,965
Air Quality	530,281	775,944	626,262
Water Pollution Control	533,194	577,675	560,814
Safe Drinking Water	290,983	516,739	516,929
Construction Grants	298,019	357,344	356,756
Hazardous Waste	231,251	286,565	287,324
Underground Storage Tank	21,477	172,395	140,468
Water Quality Management	106,864	100,000	100,000
State Lands	50,268	54,506	53,999
Health Services and Medical Facilities Division			
Women, Infants and Children	5,889,097	6,389,610	6,659,807
Child Nutrition	2,374,086	2,664,406	2,662,436
Title XX Family Planning	893,878	808,244	808,244
Title XVIII Medicare	266,018	307,052	306,340
Immunization	160,641	267,810	267,918
Title XIX Medicaid	121,116	207,566	207,078
Sexually-Transmitted Diseases	71,219	76,267	76,356
AIDS	15,461	94,380	84,030
Health Planning	192,634	0	0
Cabin Creek	39,837	0	0
Rabies Vaccine	47,528	48,661	48,828
Behavioral Risk Survey	10,817	11,000	11,000
Total Federal Funds	<u>\$16,347,548</u>	<u>\$22,419,684</u>	<u>\$23,655,689</u>

* The FY86 indirect cost recovery expenditures include \$75,094 of audit costs, pay plan allocation, and small miscellaneous grants.

General fund authority increases above FY86 expenditures in FY88, but is below FY86 actual general fund expenditures in FY89. The FY88 general fund appropriation includes the \$520,000 biennial appropriation for the genetics program. General fund also increases due to the additional state funding added to replace the loss of federal health planning funds.

The department receives two block grants which are distributed to various programs. The preventive health block grant (PH) does not require a state match and up to 10% of the grant may be used for administration. The PH block grant may not be used for inpatient services, cash payments to

recipients, major medical equipment or capital improvements to facilities, or funding of "for profit" organizations. PH block grant funds may not be used to supplant state funds.

Table 2 shows the distribution of the PH block. The same amount of block grant is budgeted for FY88 and FY89 that is expected in FY87. Language in HB 2 directs that if the level of PH block grant funding received by the department is less than the budgeted amount, the director is to make program reductions. If grant funds are greater than budgeted the director is to distribute additional funds based on identifiable needs.

Table 2
Appropriation of Preventive Health Block Grant
1987 and 1989 Bienniums

Program	Actual FY86	Budgeted FY87	Budgeted FY88	Budgeted FY89
Director				
Administration	\$ 43,557	\$ 48,645	\$ 48,645	\$ 48,645
Rape Crisis	11,970	11,970	0	0
Centralized Services				
Microbiology Lab.	32,950	34,000	54,655	55,834
Health Services/ Medical Facilities Division				
Division Admin.	9,878	10,168	10,168	10,168
Dental	0	15,000	18,318	18,455
Risk Reduction	47,869	49,257	48,218	48,315
Perinatal	96,529	56,205	70,012	68,670
Family Planning	193,430	201,961	202,015	202,017
Rape Crisis	0	0	11,970	11,970
Emergency Medical Services	168,418	204,855	168,186	168,113
Total	<u>\$604,601</u>	<u>\$632,061</u>	<u>\$632,187</u>	<u>\$632,187</u>

Note: FY86 amounts are expenditures of the PH block by program as of fiscal year end. Administration of the rape crisis funds was moved from the Director's Office to the Preventive Health Bureau.

The maternal and child health block grant (MCH) must be matched by state or local funds. State and local governments must match every \$4 in federal funds with at least \$3 in local funds. The MCH block grant must be used for low-income children and mothers and to reduce infant disease and mortality. Services that can be funded include: immunizations, rehabilitation services for blind and disabled children up to the age of 16 years old receiving Medicaid benefits, hospitalization, and medical services.

Table 2 shows the distribution of the MCH block for the 1987 and 1989 bienniums. About 35% of the MCH block grant is allocated to grants to counties in FY88 with a small increase budgeted in FY89. The amounts appropriated for administration are held constant. HB 2 directs the department to increase grants to counties if the level of the MCH block grant is higher than \$1,897,421 in either fiscal year. If the amount is lower, language in HB 2 directs that grants to counties must be reduced.

Table 3
Appropriation of Maternal and Child Health Block Grant
1987 and 1989 Bienniums

Program	FY86	FY87	FY88	FY89
Director				
Administration	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Grants to Counties	824,000	685,599	0	0
Health Services				
Division Admin.	23,047	23,727	23,727	23,727
Nursing	27,314	28,000	0	0
Dental	57,997	43,000	43,000	43,000
Clinical Admin.	98,789	80,634	0	0
MCH Bureau Admin.	0	105,000	105,000	
Grants to Counties	0	0	662,587	667,245
Family Planning	27,268	29,000	29,000	29,000
Handicapped Children	797,536	843,691	866,119	865,215
Perinatal	94,144	157,028	137,988	134,234
Total	<u>\$1,980,095</u>	<u>\$1,920,679</u>	<u>\$1,897,421</u>	<u>\$1,897,421</u>

Note: FY86 amounts are expenditures of the MCH block by program as of fiscal year end. Due to reorganization of the department, Clinical Bureau administration was moved to the MCH Bureau administration. Administration of MCH block grants to counties was moved from the Director's Office to MCH Bureau administration.

Indirect cost funds pay a portion of the centralized services and administration costs of the department. Every year

department and federal representatives negotiate an agreement regarding the indirect cost rate to be assessed against

personal services costs paid by federal and state special revenue funds, except for block grants and the National Center for Health Statistics funds. A portion of the indirect costs recovered is retained by the department and a portion is deposited to the general fund as reimbursement for statewide centralized services (statewide cost allocation plan). The estimated indirect cost rate for the department is 13% each year of the coming biennium, with about 1.638% of the total rate being comprised of the statewide cost allocation general fund deposit.

Table 4 shows the estimated indirect cost recovery by program for the 1989 biennium. Language in HB 2 directs that if the department recovers more than \$390,000 in any year that such funds will offset general fund. The subcommittee intended that the offset not be required if excess indirect cost recoveries are for new programs or additional duties. During the 1989 biennium, indirect cost revenue funds the Centralized Services Division (CSD) administration program and part of the fiscal program within CSD.

Previous to FY88, indirect cost recoveries were treated as revenue or income. Beginning in FY88, indirect costs are treated as expenditures and included as cost items in program budgets. The subcommittee calculated the indirect cost expenditures for each program assuming fully funded personal services. Indirect cost recovery is based on total personal services costs before vacancy savings is applied. The total indirect cost revenue was then reduced to reflect the impact of a 4% vacancy savings factor. The subcommittee intended that each program have enough expenditure authority for indirect costs if no vacancies were to occur, but did not budget the Centralized Services Division as if no vacancies were to occur.

Table 4
Estimated Indirect Cost Assessments by
Division and Program
1989 Biennium

Division and Program	FY88	FY89
Centralized Services Division		
Support Services	\$ 5,127	\$ 5,112
Records and Statistics	9,498	7,850
Chemistry Laboratory	16,085	16,145
Microbiology Laboratory	22,837	22,984
Environmental Sciences Division		
Administration	13,151	13,157
Solid and Hazardous Waste	72,994	73,023
Superfund Modified Budget	10,685	10,658
Underground Storage Tank		
Modified Budget	5,552	5,544
Air Quality	49,749	49,426
Water Quality	114,998	115,237
Wastewater Operators		
Modified Budget	737	1,473
Permit Tracking Modified		
Budget	1,090	0
Health Services and Medical		
Facilities		
Family/Maternal and Child		
Health	54,524	54,522
Women, Infants and Children		
Modified Budget	2,212	2,208
Preventive Health	19,115	19,141
AIDS Modified Budget	7,092	7,082
Licensing and Certification	29,991	30,000
Licensing and Certification		
Modified Budget	16,500	16,479
Emergency Medical Services	2,189	2,195
Total Indirect Cost Assessments	<u>\$454,126</u>	<u>\$452,236</u>
Estimated Available to DHES	\$398,904	\$397,244
Estimated Deposit to General		
Fund	\$ 55,222	\$ 54,992

Note: A rate of 13% was estimated by DHES as the indirect cost rate for the 1989 biennium. Of the total amount paid by federal and state special revenue funds, 12.16% is deposited to the general fund as negotiated with the federal government for the statewide cost allocation plan. The remainder is used to fund the Centralized Services Division in DHES.

The legislature granted a supplemental appropriation of \$35,713 to the department to continue the Health Planning Bureau through fiscal year end. Federal health planning funds for this program were discontinued.

The department reorganized in FY86. The Management Services Division was eliminated and its functions and programs transferred to other divisions. Table 5 shows the reorganization and previous configuration. The Director's Division and the Environmental Sciences Division are not included as programs within those divisions and were not changed substantially. Three programs were transferred from the Director's Office to the Preventive Health Bureau including: rape crisis grants, MCH block grants to counties, and the end stage renal disease program. The Nursing

Bureau was eliminated by the legislature and not due to reorganization.

Table 5
Reorganization of Department of Health and Environmental Sciences
FY86 to FY88

Original Organization

Financial Management Division:

- Administration
- Fiscal Services
- Records and Statistics

Management Services Division:

- Administration
- Microbiology Laboratory
- Chemistry Laboratory
- Film Library
- Data Processing
- Word Processing

Health Services and Medical

Facilities Division:

Clinical Bureau:

- Administration
- Perinatal Program
- Genetics Program
- WIC
- Child Nutrition
- Handicapped Children's Services

Dental Bureau:

- Dental
- Health Education and Risk Reduction

Nursing Bureau:

- Administration
- Communicable Disease
- Rabies Vaccine
- Immunization
- Sexually-transmitted Disease
- Family Planning

- Licensing and Certification
- Emergency Medical Services
- Health Planning Bureau

New Organization

Centralized Services Division:

- Administration
- Support Services:
- Fiscal
- Film Library
- Data Processing
- Word Processing
- Microbiology Laboratory
- Chemistry Laboratory
- Records and Statistics:
- Tumor Registry

Health Services and Medical

Facilities Division:

Preventive Health Bureau:

- Perinatal Program
- Sexually-transmitted Disease
- Genetics Program
- Communicable Diseases
- Immunization
- Dental
- Health Education and Risk Reduction
- Rape Crisis Grants
- End Stage Renal Disease

MCH Bureau:

- Administration
- WIC
- Child Nutrition
- MCH Grants to Counties
- Family Planning
- Handicapped Children
- Licensing and Certification
- Emergency Medical Services
- Health Planning Bureau

DIRECTOR'S OFFICE
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	11.00	10.00	11.50	11.50
Personal Services	388,924.34	470,563	451,975	361,251
Operating Expenses	69,106.37	179,676	160,735	56,031
Equipment	1,024.00	0	17,116	1,200
Grants	0.00	697,569	0	0
Total Program Costs	\$459,054.71	\$1,347,808	\$629,826	\$418,482
General Fund	385,497.71	523,771	336,017	335,757
State Special Revenue Fund	0.00	6,491	200,000	0
Federal & Other Spec Rev Fund	73,557.00	817,546	93,809	82,725
Total Funding Costs	\$459,054.71	\$1,347,808	\$629,826	\$418,482
Current Level Services	459,054.71	1,347,808	629,826	418,482
Total Service Costs	\$459,054.71	\$1,347,808	\$629,826	\$418,482

Program Description

The Director's program provides for the overall management and policy development of the department. Included in this program are the deputy director, personnel, public information, and planning functions.

The Board of Health is a quasi-judicial board appointed by the Governor to advise the Department of Health and Environmental Sciences in public health matters.

The Legal Services program staff have primary responsibility to provide legal representation for the department. They also enforce several federal statutes, such as the Federal Clean Air Act, the Resource and Recovery Act, and Clean Water Act, and respective implementing regulations.

Issues Addressed/Legislative Intent

The budget for the Director's Division falls 7% overall, largely due to decreases in operating expenses from the previous biennium. Legal expenses of \$14,151 for the family planning lawsuit were deleted from the base expenditure level as were contracted services costs of \$7,875.

Most other operating expenses for the Director's Division were budgeted at actual FY86 expenditure levels; however, annual travel was increased \$3,068 for the Board of Health and \$1,186 for the director. Contracted services was increased \$2,880 each year to purchase 2 hours per month of Westlaw, a computerized data base of court decisions and other legal data available through the state law library. Westlaw is to be federally funded in the 1989 biennium; however, the subcommittee intent was that DHES could request that one hour of Westlaw per month be general funded in the 1991 biennium.

Equipment purchases include four personal computers and software for the legal unit. The equipment is to be entirely federally funded. Some training, in-house computer programming costs and maintenance costs associated with the computer purchases are to be federally funded also. The Executive budget request presented to the legislature, noted that in the 1991 biennium request, automation costs will be attributed to the funding source of the staff using the computers and Westlaw. Such an allocation would involve general fund support in the legal unit and some other programs.

Table 1
Appropriations for the Director's Division by Subprogram
1989 Biennium

Item	FY86 Actual	FY88 Budgeted	FY89 Budgeted
Director's Office			
FTE	8.0	7.0	7.0
Personal Services	\$293,596	\$257,714	\$257,813
Operating	54,018	36,346	36,510
Total Cost	\$347,614	\$294,060	\$294,323
General Fund	274,057	215,415	215,678
Federal Funds	73,557	78,645	78,645
Total Funds	\$347,614	\$294,060	\$294,323
Board of Health			
Personal Services		\$ 3,150	\$ 3,150
Operating	\$6,978	6,895	6,895
Total Cost	\$6,978	\$10,045	\$10,045
Total General Fund	\$6,978	\$10,045	\$10,045
Legal Unit			
FTE	3.0	4.5	4.5
Personal Services	\$ 93,728	\$191,111	\$100,288
Operating	9,701	117,494	12,626
Equipment	1,024	17,116	1,200
Total Cost	\$104,454	\$325,721	\$114,114
General Fund	\$104,454	\$110,557	\$110,034
Federal Funds	0	15,164	4,080
State Special Revenue	0	200,000	0
Total Funds	\$104,454	\$325,721	\$114,114

FTE in the Director's Division fall by one full-time position. In order to pay the unfunded portion of the FY87 pay plan and absorb the five percent cut in FY87, an information officer position was deleted.

Federal funding increases, as about \$5,000 additional preventive health block grant is allocated to the Director's Office. The amount of the maternal child health (MCH) block grant budgeted is \$30,000 per year, the same as in FY86. Funding for MCH block grants to counties was transferred to the administration of the Maternal Child Health Bureau in the Health Services and Medical Facilities Division. Funding for rape crises grants and the end stage renal disease program was transferred to the Preventive Health Bureau.

The Legal program has 2.0 FTE attorney positions, two .5 FTE clerical positions, and 1.5 positions added for the 1989 biennium to pursue the natural resources lawsuit authorized in HB 777. The 1988 appropriation for the Legal program contains \$200,000 in state Special Revenue to fund the program. The 1985 Legislature transferred two attorneys and

two .5 FTE support staff within the Legal program to other programs within the department. The staff that were transferred are funded by those programs and must spend their time working on issues for the respective program. One full-time attorney was transferred to the Water Quality Bureau, and one full-time attorney position was apportioned to the Air Quality, hazardous waste, junk vehicle and solid waste programs.

Other Appropriation Bills

HB 777 contained a biennial appropriation for \$200,000 so that the department can evaluate or pursue a lawsuit under section 107 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980. Hired to evaluate such a lawsuit are placed in the Director's Division. The Solid and Hazardous Waste Bureau narrative more fully describes HB 777.

CENTRAL SERVICES	Actual	Budgeted	Appropriated	
Budget Detail Summary	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	56.50	55.50	55.00	55.00
Personal Services	1,310,353.99	1,296,141	1,356,916	1,311,279
Operating Expenses	437,075.09	495,419	651,200	530,366
Equipment	128,558.33	0	151,231	0
Total Program Costs	\$1,875,987.41	\$1,791,560	\$2,159,347	\$1,841,645
General Fund	868,195.78	733,097	884,202	776,763
State Special Revenue Fund	391,596.62	445,589	705,043	495,601
Federal & Other Spec Rev Fund	616,195.01	612,874	570,102	569,281
Total Funding Costs	\$1,875,987.41	\$1,791,560	\$2,159,347	\$1,841,645
Current Level Services	1,875,987.41	1,791,560	2,159,347	1,841,645
Total Service Costs	\$1,875,987.41	\$1,791,560	\$2,159,347	\$1,841,645

Program Description

The Centralized Services Division administration is responsible for overall division administration, establishing goals and objectives for the individual bureaus to accomplish, review and approve all departmental contracts and grants. The division also provides the department with all budgeting and financial data and reporting. The administrator reports on the achievement of the department and the status of its work to higher authorities, including the director, Governor, appropriate legislative groups, federal agencies and the general public.

The Support Services Bureau provides support services for the Department of Health and Environmental Sciences. The following units are included in the bureau.

The Fiscal unit of Support Services Bureau is responsible for producing accounts receivables, cash receipting, procurement of goods and services, delivery and pickup of mail, assistance in grant preparation and reporting, payment of all claims and processing of all maintenance problems with the building.

The major objective of the data processing unit is to assist all units of the department in programming. This unit also coordinates the programming and equipment needs of the department, and is supported by user fees.

The film library provides film library services to the Department of Health, the Department of Institutions and health

professionals throughout the state. Films and equipment are provided on an as-available basis.

The word processing unit is responsible for producing larger word processing jobs than can be handled by bureau personnel. This unit also handles the over-flow of work from other bureaus.

The Bureau of Records and Statistics operates Montana's vital statistics system. This bureau provides services to persons and agencies in providing information regarding certain legal certificates for individuals and also produces statistical tabulations and analysis based on vital records and other public health data. Statistical and consultative services are provided to the department and local health agencies. The bureau also houses the Montana central tumor registry which provides statewide cancer data for use in studying the diagnosis and treatment of cancer patients.

The Chemistry Laboratory Bureau provides analytical and consulting services in the following areas:

Water - Determines the concentrations of metals, organic and inorganic compounds in drinking water, wastewater and in surface and groundwater in Montana. These analyses are run for the programs of the Water Quality Bureau, Montana Fish, Wildlife and Parks Department, Environmental Protection Agency, and Solid Waste Management Bureau. Private water samples are also analyzed.

Air - Analyzes air-related samples for metals, organic and inorganic compounds and particulates in support of the programs of the Air Quality Bureau and the Occupational Health Bureau. Air samples from private sources are also analyzed.

Hazardous waste/superfund - Analyzes wastes for metals and organic compounds and classifies wastes as hazardous or nonhazardous in support of programs of the Solid and Hazardous Waste Bureau.

Food and consumer safety - Analyzes food and other commercial products for adulterants at the request of the Food and Consumer Safety Bureau. Recent examples include EDB in cereal products and coumarin in Mexican vanilla.

Occupational health - Analyzes body fluids for toxic metals and organic compounds at the request of the Occupational Health Bureau. Examples are lead in blood or pentachlorophenol in urine.

The Microbiology Laboratory provides the following public health services to department programs, hospitals, physicians, and public health facilities in Montana:

- Testing and consultation in support of communicable disease and environmental programs;
- Investigation of disease outbreaks;
- Statewide registration of laboratory personnel;
- Approval of laboratories providing prenatal and premarital serologies (rubella and syphilis);
- Reference laboratory for hospitals and other laboratories within the state;

- Certification of laboratories performing microbiological analysis of drinking water; and
- Testing each newborn child in the state for metabolic diseases, including galactosemia, phenylketonuria and congenital hypothyroidism.

Issues Addressed/Legislative Intent Division Administration

The appropriation for administration of the Centralized Services Division (CSD) increases about \$32,000 above current level in FY86 due to the cost of liability insurance which more than doubles and due to an upgrade of one FTE.

Division administration is funded almost entirely by indirect costs assessed on the portion of personal services paid by federal and state special revenues (see agency overview). The small general fund appropriation is the amount necessary for the department-wide adjustment to equalize changes in data processing rates charged by the Department of Administration (see Table 1). This program is to apportion the general fund between programs experiencing cost increases due to rate changes.

Language in HB 2 directs the department to revert a like amount of general fund if indirect cost revenue is more than \$390,000 either year of the biennium. The subcommittee intent was that the department would not offset general fund if the increase in indirect cost recovery was due to the addition of a new program that increased the responsibility of Centralized Services. The fiscal program in the Support Services Bureau within CSD is funded also with indirect cost revenue.

Table 1
Appropriations for the Centralized Services Division
FY86 and 1989 Biennium

FTE, Budget and Funding	FY86 Actual	FY88 Budgeted	FY89 Budgeted
Division Administration			
FTE	3.0	3.0	3.0
Personal Services	\$104,865	\$ 94,847	\$ 94,711
Operating	50,531	92,854	93,203
Total Cost	<u>\$155,396</u>	<u>\$187,701</u>	<u>\$187,914</u>
General Fund	\$ 0	\$ 1,781	\$ 2,216
Federal Funds	155,396	185,920	185,698
Total Funds	<u>\$155,396</u>	<u>\$187,701</u>	<u>\$187,914</u>
Support Services Bureau			
FTE	20.0	16.5	16.5
Personal Services	\$421,251	\$373,479	\$374,015
Operating	125,784	128,978	85,866
Equipment	7,247	3,300	0
Total Cost	<u>\$554,282</u>	<u>\$505,757</u>	<u>\$459,881</u>
General Fund	\$145,877	\$245,665	\$201,567
State Spec. Rev.	41,721		
Fed/Spec. Rev.	366,684	260,092	258,314
Total Funds	<u>\$554,282</u>	<u>\$505,757</u>	<u>\$459,881</u>
Records and Statistics Bureau			
FTE	15.0	15.0	15.0
Personal Services	\$327,233	\$336,864	\$336,480
Operating	76,897	96,778	89,549
Equipment	28,857	7,131	0
Total Cost	<u>\$432,987</u>	<u>\$440,773</u>	<u>\$426,029</u>
General Fund	\$301,920	\$272,326	\$279,363
State Spec. Rev.	69,806	99,012	77,231
Fed/Spec. Rev.	61,261	69,435	69,435
Total Funds	<u>\$432,987</u>	<u>\$440,773</u>	<u>\$426,029</u>
Chemistry Lab Bureau			
FTE	6.0	6.0	6.0
Personal Services	\$175,410	\$178,282	\$178,958
Operating	60,106	86,447	87,971
Equipment	35,552	83,300	0
Total Cost	<u>\$271,068</u>	<u>\$348,029</u>	<u>\$266,929</u>
General Fund	\$ 81,727	\$ 82,957	\$ 83,693
State Spec. Rev.	189,341	265,072	183,236
Total Funds	<u>\$271,068</u>	<u>\$348,029</u>	<u>\$266,929</u>
Microbiology Lab Bureau			
FTE	11.5	14.5	14.5
Personal Services	\$281,603	\$373,444	\$327,115
Operating	123,766	246,143	173,777
Equipment	56,900	57,500	0
Total Cost	<u>\$426,269</u>	<u>\$677,087</u>	<u>\$500,892</u>
General Fund	\$338,677	\$281,473	\$209,924
State Spec. Rev.	90,732	340,959	235,134
Fed/Spec. Rev.	32,860	54,655	55,834
Total Funds	<u>\$426,269</u>	<u>\$677,087</u>	<u>\$500,892</u>

Most operating expenses for CSD administration were budgeted at FY86 actual cost. However, a small increase for in-state travel is included as this program assumed responsibility for overseeing county use of the MCH block grant funds. This function was transferred to CSD administration from the Management Services Division as part of the reorganization.

Support Services Bureau

The Support Services Bureau has several programs including fiscal, film library, data processing and word processing pool. The latter three were transferred to the program as part of the reorganization of the Management Services Division. The total bureau budget decreases almost \$50,000 dollars as a result of the loss of 1.5 FTE, transfer of 2.0 FTE, and reallocation of some expenses due to the reorganization.

The total budget for the Support Services Bureau declines about \$49,000 from FY86 to FY88. The drop is due to the reduction in program FTE. An accounting clerk II position in the Fiscal program and a .5 FTE in the word processing pool were eliminated to fund the FY87 pay plan and to absorb the 5% funding cut. Two clerical positions were transferred to the Microbiology Laboratory.

The bureau operating budget appropriation is slightly above FY86 actual expenses largely due to changes in the fiscal program budget. Increases in payroll service fees, legislative audit costs and maintenance for the mail van offset a reduction in travel costs. The responsibility for audits for federal child nutrition funds was transferred to the child nutrition program, decreasing in-state travel costs for the fiscal program.

The film library has .5 FTE and is funded by user fees from the Emergency Medical Services Bureau, the Maternal Child Health Bureau and the Department of Institutions. In FY86 the program purchased a film splicing and repair machine authorized by the 1985 Legislature and extra film cases. The program appropriation includes indirect costs assessed against personal services in both years and \$1,000 in FY89 to update the audiovisual catalogue.

The data processing program (DP) has 1.0 FTE and is funded by fees charged to programs that utilize its services. Personal services costs increase as the position was filled only part-time in FY86, but was filled full time in FY87. Total program costs increase due to the assessment of indirect costs in both years and the purchase of a personal computer in FY88.

The word processing pool cut .5 FTE to fund the 5% cut and the unfunded portion of the FY87 pay plan. The word processing pool is funded by general fund. Some shared expenses were reallocated between the two laboratories and the pool after reorganization, otherwise the budget shows no changes from current level FY86. Two clerical FTE were transferred to the Microbiology Lab Bureau during the reorganization. Although these FTE were not part of the word processing pool, the FTE provided clerical support to the Management Services Division and had previously been located in the lab.

Funding for the Support Services Bureau is a combination of general fund, federal and state special revenue. The word processing pool is funded by general fund, while the film library and data processing are funded by state special revenue. The fiscal program is funded by indirect cost revenues assessed against personal services costs paid by federal and

state special revenue. As in the division administration program, language in HB 2 directs that if indirect cost revenue totals more than \$390,000 in either year of the biennium, the department shall revert a like amount of general fund, unless the overage is caused by indirect cost recovery in new programs.

Records and Statistics Bureau

The appropriation for the Records and Statistics Bureau increases almost \$8,000 over FY86 actual expenditures in FY88 and then decreases about \$7,000 below the FY86 level in FY89. Costs increase in FY88 because new birth certificate forms will be published. Such updates are performed once every ten years, and operations costs in travel and communications were increased in FY88 to allow program staff to train local registrars in the use of the new forms. Increases were allowed in both years of the biennium for microfilming and shipping new longer, heavier documents.

Contracted services costs go up due to the increase in the number of cancer cases being tracked by the Tumor Registry. Other operational cost increases are related to maintenance costs of the new computers, and rent.

Equipment purchases of \$7,131 are authorized in FY88. This amount includes about \$700 for the software and \$6,460 for the replacement of a microfilm reader/printer.

Program funding is a mix of state and federal monies. General fund supports the Tumor Registry program and some of the cost of the vital statistics functions. Both federal revenue and state special revenue from the sale of copies of vital statistics information fund the balance of the bureau program. State special revenue funds are higher in FY88 than FY89 as a fund balance of about \$20,000 is appropriated for use in FY88 (see Table 1).

Language in HB 2 directs the department to offset general fund expenses in this program if vital statistics income exceeds \$99,012 in FY88 and \$77,231 in FY89. The department is further directed to revert general fund if the vital statistics account balance exceeds \$10,000 at fiscal year end of either year during the biennium.

Chemistry Laboratory

The Chemistry Laboratory was transferred to the Centralized Services Division during the reorganization. The appropriation is based on current level expenditures in FY86 with minor increases in some operational costs. Contracted services increases \$2,000 as the lab must properly dispose of small quantities of hazardous waste. Inflation adds to the cost of lab supplies, about \$2,118 in FY88 and \$3,722 in FY89. An adjustment of \$3,410 is included to annualize supply costs. Indirect costs assessed against personal services costs paid from fee funds adds about \$16,000 each year.

Equipment purchases of \$83,300 are included in the FY88 budget. These expenditures are to be financed with fee income. The Lab is authorized to purchase a leak detector, two strip chart recorders and an atomic absorption spectrophotometer. The subcommittee intended that the equipment appropriation be a biennial appropriation.

Funding for the Chemistry Lab is about 30 percent general fund. Fee income is projected to increase about \$10,000 each year of the biennium; however, the growth appears much higher in FY88 as the equipment purchases are financed with fee revenue.

Microbiology Laboratory

The Microbiology Laboratory program was transferred to the Centralized Services Division during the reorganization.

The Newborn Screening program (PKU) authorized by the 1985 Legislature is within this bureau.

FTE increase by three full-time positions. One new position—a microbiologist III—was added because of the increased workload due to AIDS testing. Two FTE were transferred from the Management Services Division during the reorganization. About \$14,000 of operating costs, formerly paid by division administration of the Management Services Division, was transferred also to the lab. Personal services costs in FY 88 have been increased by \$24,000 to support the new microbiologist position in FY89.

Operating costs increase about \$122,000 in FY88 and about \$50,000 in FY89 in spite of a decrease of \$17,028 in contracted services that funded an endocrinologist contract for the Newborn Screening program (NBS). A biennial appropriation of \$70,000 general fund is added in FY88 to fund increased AIDS testing and the FTE added to evaluate the tests. If federal funds are received for such testing or personal services costs, the general fund is to be reverted. Indirect costs add about \$23,000 each year of the biennium and \$3,000 is included each year for proficiency tests formerly provided free by the federal government. Supply costs increase \$9,000 each year which includes \$6,000 for AIDS testing kits. Maintenance contracts increase almost \$9,000 per year.

The laboratory also received a contingency fund appropriation of \$50,000. The authority is to be used to purchase

supplies and communications for additional reimbursable services in either laboratory should expenses rise above \$99,258 in FY88 and \$100,974 in FY89.

The department received an appropriation of \$145,600 in general fund in FY86 to purchase equipment, hire 2.5 FTE and begin testing for PKU in Montana. The appropriation was reduced to \$138,600 in order to meet the 5% cut. The program is to be supported entirely by fee income beginning FY87. The cost of equipment for the NBS program was lower than anticipated, allowing the department to reduce the biennial appropriation by \$8,000 for the 5% cut in FY87. The total appropriation for the NBS program is about \$107,000 in FY88 and \$109,000 in FY89, funded entirely by fee income.

Equipment purchases of \$57,500 are included in the appropriation, for a water bath, a sonifier, an autoclave, a tissue culture microscope and a glassware washer. These acquisitions are to be funded from water fee income; the equipment appropriation is a biennial appropriation.

General fund decreases about 24% from FY86 to FY88 because \$120,000 start up income for the NBS program is removed from the base budget appropriation. Fee income increases about \$150,000 per year (\$100,000 of it attributable to the NBS program). The amount of preventive health block grant allocated to the lab increases about \$22,000, or 33% above the FY86 allocation. Part of this increase is for the purchase of AIDS testing kits.

ENVIRONMENTAL SCIENCES Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	35.50	35.50	33.52	33.52
Personal Services	1,038,507.44	1,065,760	1,074,260	1,028,011
Operating Expenses	327,083.02	357,977	664,919	411,661
Equipment	4,674.57	5,555	37,762	36,287
Grants	302,796.00	301,000	351,291	351,291
Total Program Costs	\$1,673,061.03	\$1,730,292	\$2,128,232	\$1,827,250
General Fund	786,408.06	802,951	843,173	791,887
State Special Revenue Fund	323,053.77	319,999	471,236	371,261
Federal & Other Spec Rev Fund	563,599.20	607,342	813,823	664,102
Total Funding Costs	\$1,673,061.03	\$1,730,292	\$2,128,232	\$1,827,250
Current Level Services	1,673,061.03	1,730,292	2,128,232	1,827,250
Total Service Costs	\$1,673,061.03	\$1,730,292	\$2,128,232	\$1,827,250

Program Description

The Environmental Sciences Division administration provides for the administration, management and coordination of the Air Quality, Food and Consumer Safety, Occupational Health, Solid and Hazardous Waste and Water Quality bureaus and the varied programs protecting environmental health in Montana.

Each of the five bureau chiefs reports directly to the division administrator. The administrator works with his counterparts in other state and local agencies, as well as with federal officials, particularly representatives of the U. S. Environmental Protection Agency. This office is responsible for the review of environmental impact statements and assessments prepared by other state and federal agencies, the coordination and/or preparation of technical and administrative

reports, the preparation of environmental impact statements within the division, coordination of the DHES emergency response team, providing right-to-know information and the planning and implementation of special projects.

The Occupational Health bureau administers the radiologic and occupational health programs.

Radiological health (MCA 75-3-101 through 502) provides: inspections of approximately 2000 X-ray units for safety, calibration and quality assurance; special studies to determine human health risks resulting from exposures to naturally-occurring and technologically-enhanced radionuclides; response to all emergencies in Montana involving radioactive materials; and technical assistance to

users of radiation and radioactive materials to assure proper safety procedures.

Occupational health (MCA 50-70-101 through 118) provides: field investigations, technical assistance and information in response to about 600 requests per year; special studies of hazardous occupational exposures in selected categories of workplaces; technical assistance regarding occupational health problems to local governments and other individuals and agencies; and emergency response assistance during incidents involving hazardous or toxic materials.

The Air Quality bureau is responsible for the implementation of the Montana and Federal Clean Air acts (75-2-101 and 42 USC 7401 et. seq., respectively). These acts require the department to attain and maintain air quality levels in the outdoor atmosphere considered safe to public health and welfare. The programs necessary to accomplish this task include:

Permit review. Reviews of facilities before construction begins are conducted to assure compliance with air quality standards are maintained.

Inspections/enforcement. To assure continued compliance with air quality standards, a scheduled program of inspections is followed with enforcement actions taken where appropriate.

Ambient air quality monitoring. Continued surveillance of the air quality status across the state is provided by over 60 monitoring stations.

State implementation plan (SIP). The SIP is the primary vehicle used to develop plans to bring areas currently out of compliance with ambient air quality standards down to levels which are considered safe.

Special studies. Special studies are conducted to solve or research various air quality issues. Some of the more prominent issues have been: a. East Helena Childhood Lead Study, b. Billings Sulfur Dioxide Source Apportionment Study, and c. Libby Particulate Study.

Information requests. The bureau responds to numerous requests for information about the nature of air quality in their area and complaints about various facilities.

The Food and Consumer Safety Bureau is charged with the administration of 13 laws which deal with the Food, Drug, and Cosmetic Act; food serving establishments; public accommodations; mobile home parks and campgrounds; swimming pools; mosquito control; schoolhouses; the Clean Indoor Air Act; institutions and jails; pesticide control; upholstery control; nuisances and the general state and local board of health laws.

The bureau is the primary provider of continuing education, field training consultation, and technical and general sup-

port to 62 sanitarians employed by 35 local public health jurisdictions which serve 55 of Montana's 56 counties.

Issues Addressed/Legislative Intent

The Environmental Sciences program is a combination of division administration program, Occupational Health Bureau, Air Quality Bureau, and Food and Consumer Safety Bureau. In the executive budget analysis these programs were included as part of the Environmental Sciences Division narrative.

Total program FTE decrease by a net of 3.98 full-time positions. The reductions are due almost exclusively to the 5% cut and unfunded portion of the FY87 pay plan. Two FTE were cut from Occupational Health, 1.0 FTE from Air Quality and 1.0 FTE from Food and Consumer Safety. An aggregate .02 FTE was added in Air Quality and a transfer of .5 FTE was made from division administration to Occupational Health.

General fund shows a jump of \$57,000 in FY88 above FY86, while the FY89 increase is negligible—about \$5,500. The FY88 increase is due to the appropriation of \$50,000 for an air quality monitoring program in the Billings area authorized by HB 878. These funds are contingent upon the receipt of matching funds from private industry.

Division Administration

The division administration program FY88 appropriation increases dramatically over FY86 actual expenditures due to the inclusion of a \$100,000 biennial appropriation (see Table 1). The authority is intended to allow the division to respond to emergencies such as the release of hazardous materials into the environment, conduct major facility siting reviews and studies, to write environmental impact statements and to review and issue variances. The fund is supported from fees paid by parties responsible for any of the actions. In FY86 the division expended about \$12,000 from such a fund established by the 1985 Legislature.

FTE in the program decrease by .5. Part of a clerical position was transferred to the Occupation Health Bureau which deleted 1.0 FTE to absorb the 5% funding reduction and unfunded portion of the FY87 pay plan.

The 1989 biennium appropriation for program operations does not increase above the current level FY86 expenditure base; however, the total does increase due to the inclusion of \$100,000 to continue the environmental quality protection fund. Indirect costs, levied against personal services expenses funded by federal and state special revenues, are the primary reason that operations costs increase above FY86 actual.

Division administration is funded equally from junk vehicle disposal fee income and resource indemnity trust tax (RIT) interest income. Each source increases about \$3,200 above FY86 amounts to fund the program in the 1989 biennium.

Table 1
Appropriations for the Environmental Sciences Division
by Program
FY86 and 1989 Biennium

Program, Budget, Fund- ing	FY86	FY88	FY89
	Actual	Budgeted	Budgeted
Division Administration			
FTE	3.00	2.50	2.50
Personal Services	\$ 99,069	\$ 97,226	\$ 97,270
Operating	19,644	124,010	23,991
Total Cost	<u>\$118,713</u>	<u>\$221,236</u>	<u>\$121,261</u>
Total State Spec. Rev.	<u>\$118,713</u>	<u>\$221,236</u>	<u>\$121,261</u>
Occupational Health Bureau			
FTE	5.00	3.50	3.50
Personal Services	\$123,115	\$122,308	\$122,178
Operating	35,367	37,558	37,858
Equipment	1,226	1,125	0
Total Cost	<u>\$159,708</u>	<u>\$160,991</u>	<u>\$160,036</u>
General Fund	<u>\$159,708</u>	<u>\$160,991</u>	<u>\$160,036</u>
Air Quality Bureau			
FTE	19.50	19.52	19.52
Personal Services	\$560,959	\$596,083	\$550,209
Operating	220,094	450,796	297,299
Equipment	1,609	36,310	35,960
Grants	99,000	101,291	101,291
Total Cost	<u>\$881,662</u>	<u>\$1,184,480</u>	<u>\$984,759</u>
General Fund	<u>\$317,518</u>	<u>\$370,657</u>	<u>\$320,657</u>
State Spec. Rev.	545	0	0
Fed./Spec. Rev.	<u>563,599</u>	<u>813,823</u>	<u>664,102</u>
Total Funds	<u>\$881,662</u>	<u>\$1,184,480</u>	<u>\$984,759</u>
Food and Consumer Safety Bureau			
FTE	9.00	8.00	8.00
Personal Services	\$255,365	\$259,204	\$258,921
Operating	51,978	51,994	51,946
Equipment	1,839	327	327
Grants	203,796	250,000	250,000
Total Cost	<u>\$512,979</u>	<u>\$561,525</u>	<u>\$561,194</u>
General Fund	<u>\$309,183</u>	<u>\$311,525</u>	<u>\$311,194</u>
State Spec. Rev.	<u>203,796</u>	<u>250,000</u>	<u>250,000</u>
Total Funds	<u>\$512,979</u>	<u>\$561,525</u>	<u>\$561,194</u>

Occupational Health

FTE in the Occupation Health Bureau decline by 1.5 (see Table 1). The program eliminated 1.0 clerical FTE due to the 5% cut and to offset the unfunded portion of the FY87 pay plan. A .5 clerical was transferred to the program from the Environmental Sciences Division administration. Another FTE that was eliminated was authorized by the 1985 Legislature to inspect x-ray machines but never hired.

The FTE was to be funded from fees assessed for inspections of x-ray machines.

The 1989 biennium budget maintains FY86 current level expenditures. A small increase in contracted services allows the program to purchase samples to test the accuracy of program analysis of selected items (\$800) and to hire a consultant to organize the bureau library (\$225). The purchase of an Anderson Microbial impactor was included in FY88.

Air Quality

The FTE in the Air Quality Bureau decline by a net of .02 FTE (see Table 1). A vacant environmental program supervisor position was deleted to offset the unfunded portion of the FY87 pay plan. An aggregate .02 FTE was added as a result of an IRS ruling that independent contractors hired to collect air filters must be classified as FTE and not contractors. A 1.0 FTE is added by HB 878.

The general fund appropriation represents the federally-required level of effort; it may not fall below the amount in the previous year. The general fund budgeted in the 1989 biennium equals the amount appropriated for FY87, plus \$50,000 in FY88 added by HB 878.

The appropriation is about \$100,000 higher in FY89 than FY86 expenditures. Federal revenues fund the increase. Most of the rise in expenses is attributable to contracted services, indirect costs and equipment purchases. Contracted services increases of about \$14,000 fund additional laboratory testing and a statewide monitoring network. About \$3,000 is for additional data processing costs. Indirect costs assessed against federally-funded personal services expenses account for almost one-half the budget increase—\$49,749 in FY88 and \$49,426 in FY89. Equipment purchases include two replacement vehicles, two computers, office equipment and miscellaneous field monitoring supplies. The appropriation is about \$300,000 higher in FY88 due to the addition of \$200,000 from HB 878.

Other Appropriation Bills

HB 878 appropriates \$50,000 to the department contingent upon the receipt of matching funds from private industries to institute and operate air quality monitoring stations in Yellowstone County. The general fund appropriation is contingent upon the establishment and execution of contractual arrangements between the department and private industry representatives through which industries will contribute to the department a total of no less than \$150,000 for the development and operation of the air quality monitoring stations. The bill also adds 1.0 FTE to the Air quality program.

Food and Consumer Safety

FTE in the Food and Consumer Safety program decrease by one position as a sanitarian position was eliminated to meet the 5% cut and unfunded portion of the pay plan in FY87 (see Table 1). The annual increase of about \$50,000 over FY86 actual expenses is due to the increase appropriated for grants to local health boards.

The operation of this program is funded by general fund, while grants to local boards are funded from state special revenue. An annual license fee of \$30.00 is paid by licensed food establishments. Eighty-five percent of the fee income is deposited to the local boards inspection account and transferred to local health boards, while the remainder is deposited to the general fund.

Language in HB 2 prohibits transfer of funds from the \$250,000 appropriation for grants to local boards. If author-

ity is inadequate, the department may request a budget amendment.

Equipment consists of one replacement chair each year.

SOLID/HAZARDOUS WASTE Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	21.00	22.00	26.50	26.50
Personal Services	461,859.36	487,774	715,980	716,077
Operating Expenses	1,246,743.92	2,927,137	5,901,849	7,020,402
Equipment	18,764.69	0	54,910	9,885
Grants	629,612.59	814,983	785,616	803,630
Total Program Costs	\$2,356,980.56	\$4,229,894	\$7,458,355	\$8,549,994
General Fund	75,855.35	74,197	75,734	76,181
State Special Revenue Fund	978,624.19	1,344,323	1,280,360	1,212,055
Federal & Other Spec Rev Fund	1,302,501.02	2,811,374	6,102,261	7,261,758
Total Funding Costs	\$2,356,980.56	\$4,229,894	\$7,458,355	\$8,549,994
Current Level Services	2,356,980.56	4,229,894	7,458,355	8,549,994
Total Service Costs	\$2,356,980.56	\$4,229,894	\$7,458,355	\$8,549,994

Program Description

The Solid and Hazardous Waste Bureau administers seven environmental health protection programs. Through these activities, the bureau provides project management and coordination that includes local government involvement, air, water and hazardous waste concerns and liaison with the EPA and the general public.

The Montana Solid Waste Management Act provides for control over the disposal of solid wastes through licensing, technical assistance, inspection and enforcement activities. The majority of solid wastes are disposed of in municipal sanitary landfills and the above tasks are directed primarily toward these facilities.

The Refuse Disposal District Act is an enabling act that allows county governments to establish districts for the financing and management of solid waste disposal. The bureau provides technical assistance to county governments during the district formation process.

The Motor Vehicle Recycling and Disposal Act is a regulatory program that controls the disposal of junk motor vehicles and shielding of such disposal sites. The act requires the department to license anyone with four or more junk vehicle and requires all junk vehicles to be screened from public view. The act also allows the department to make annual grants to each county to finance the establishment and maintenance of junk vehicle graveyards and to finance the collection of junk vehicles for placement in the graveyards. The department is responsible for removal of the junk vehicles and does so by selling the vehicles to recycling firms who crush and transport the cars to steel mills for recycling.

The Septic Tank Cleaner Act is a regulatory program that provides for licensing of septic tank pumpers. The licensing process includes approving the disposal site locations to be used for disposal of sewage.

The Montana Hazardous Waste Act is a regulatory program that controls generation, transport, treatment, storage and disposal of hazardous wastes. Persons treating, storing or disposing of hazardous waste must obtain a permit from the department. The department performs inspections, provides

technical assistance, and, if necessary, takes enforcement actions.

The underground storage tank legislation was enacted in 1985 and is modeled after the federal law. Its purpose is to prevent leaks in underground storage tanks through identifying who has underground tanks and eventually requiring tank testing, inventory record keeping, ground-water monitoring, financial assurance for clean-up costs and implementing tank design and installation standards.

The Superfund Act allows the department to enter into agreements for investigating potentially hazardous disposal sites to determine if past disposal practices are resulting in threats to public health or the environment. The bureau also performs studies to determine the most cost-effective method of restoring a contaminated site. The bureau may contract for any necessary design and construction activities after selection of a clean-up method is made.

Issues Addressed/Legislative Intent

The Solid and Hazardous Waste Bureau appropriation for FY88 grows 216% over FY86 actual expenditures. The increase can be attributed to expansion in the superfund program and to the annualization of costs in the underground storage tank (UST) program. Table 1 shows the appropriation by fund for each of the programs within the bureau. The appropriation for superfund rises about \$5.65 million between FY86 and FY88, which accounts for the majority of the increase in the total bureau budget. UST expands almost 10 fold between FY86 and FY88, but the total impact of the expansion is minor compared to the superfund appropriation.

The most significant legislative change for this bureau is the increase in the amount of resource indemnity trust (RIT) interest income that is allocated for use in the superfund and UST programs. The 1985 Legislature allocated 6% of the interest income from the RIT to implement the Montana Hazardous Waste Act and the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA or superfund) for the 1987 biennium. The 1987

Legislature increased the amount of RIT interest income to 12% in order to allow the department to match federal funds for clean up of superfund projects and for UST projects financed by the newly established federal UST trust. The bill also directed that any RIT funds from the 6% allocation not expended by fiscal year end in 1987 are to be deposited to the hazardous waste/ CERCLA state special revenue fund created by HB 777.

The 12% allocation is divided into two portions depending on use. Up to one-half or 6% can be appropriated by the legislature for operating expenses of the UST, hazardous waste, superfund and division administration programs and for investigation and remedial action for any hazardous substance defined in 75-10-602, MCA. The remainder is to be used for the state match for superfund and federal UST trust cleanup. The state match can be appropriated during session or requested through a budget amendment when the legislature is not in session. HB 777 stipulates that the use of the hazardous waste/ CERCLA state special revenue fund is to be considered an emergency for the purposes of seeking a budget amendment.

HB 777 also creates CERCLA bonds that may be issued to fund the required state match for cleanup projects. The bonds are to be repaid with unused portion of RIT interest and with any other funds deposited to the hazardous waste/ CERCLA state special revenue account. HB 760 contains the authorization for the issuance of up to \$10 million in CERCLA bonds.

HB 777 includes a \$200,000 biennial appropriation to enable the department to pursue or evaluate any lawsuits that the department institutes or may institute under section 107 of CERCLA. In subcommittee hearings, the department testified that it may hire staff as well as consultants to review such lawsuits. Staff are likely to be assigned to the Legal Unit within the Director's Office.

Bureau FTE increase by 5.5 positions. Again the increase can be attributable to the UST and superfund programs. UST FTE increase 2.5 above FY86 actual by the addition of two environmental specialists (one added in FY87 by approval of the 1985 Legislature), and a .5 FTE attorney. The superfund program received 3.0 new FTE including an information officer, an accounting manager, a .5 FTE administrative aide, and a .5 FTE attorney.

Various equipment was authorized by the legislature. The junk vehicle program received \$1,168 for a typewriter and office equipment in FY88 and \$288 for office equipment in FY89. Superfund received \$18,237 for computers, software, a camera, and field monitoring equipment in FY88. Hazardous waste has \$6,767 in FY88 for office and field monitoring equipment and \$7,381 in office equipment in FY89. The budget for UST has \$28,737 for office equipment, field monitoring equipment and software in FY88 and \$1,348 for office equipment in FY89. The solid waste program has \$868 for a typewriter in FY89.

The junk vehicle program appropriation increases \$285,000 in FY88 over FY86 actual expenditures (see Table 1). This program is funded from fees assessed on vehicle licenses and junk vehicle yard licenses. The 1985 Legislative transferred \$500,000 from the junk vehicle account to the general fund.

A contingency of \$100,000 was appropriated each year in case the price of scrap metal falls and the department must pay for the removal of junk vehicles from graveyards. The same amount was appropriated as a contingency in the FY87 biennium, but the department did not have to use the authority. Operating costs increase to fund gasoline, vehicle maintenance, rent and contracted secretarial services for a .5

FTE relocated to Billings in FY86 by the department. An appropriation of \$15,000 is included for a public information campaign to increase public awareness of the junk vehicle program. Indirect costs add about \$16,800 to the budget each year of the biennium.

Grants are made to counties to help fund county junk vehicle programs. Total grants increase above FY86 actual costs almost \$180,000 in FY88 and \$160,000 in FY89.

Table 1
Appropriations for the Solid and Hazardous Waste Bureau
FY86 and 1989 Biennium

Item	FY86 Actual	FY88 Budgeted	FY89 Budgeted
Junk Vehicle			
Junk Vehicle Funds	\$ 781,890	\$1,067,374	\$1,069,457
Superfund			
State RIT Interest	\$ 2,700	\$ 60,000	\$ 0
Federal EPA	<u>1,049,773</u>	<u>5,643,301</u>	<u>6,833,965</u>
Total Funds	<u>\$1,052,473</u>	<u>\$5,703,301</u>	<u>\$6,833,965</u>
Hazardous Waste			
State RIT Interest	\$ 77,453	\$ 95,522	\$ 95,775
Federal EPA	<u>231,251</u>	<u>286,565</u>	<u>287,324</u>
Total Funds	<u>\$ 308,704</u>	<u>\$ 382,087</u>	<u>\$ 383,099</u>
Underground Storage Tanks			
State Junk Vehicle	\$ 1,581	\$ 0	\$ 0
State RIT Interest	0	57,464	46,823
Federal EPA	<u>21,477</u>	<u>172,395</u>	<u>140,469</u>
Total Funds	<u>\$ 23,058</u>	<u>\$ 229,859</u>	<u>\$ 187,292</u>
Solid Waste			
General Fund	<u>\$ 75,855</u>	<u>\$ 75,734</u>	<u>\$ 76,181</u>
Total Bureau*	<u>\$2,241,980</u>	<u>\$7,458,355</u>	<u>\$8,549,994</u>

* FY86 expenditures include an RIT grant for \$115,000 that was expended for a feasibility study for a hazardous waste transfer station.

The appropriation for superfund increases more than 500% between FY86 actual expenditures and FY88. Federal monies account for almost all the growth in funding. There is a \$60,000 biennial appropriation of RIT interest income that will be used for emergency cleanups, for state investigation of superfund sites not included on the EPA national priority list, and to partially fund an FTE to manage site investigations.

The growth in the superfund budget is mostly contracted services to continue site investigations and data gathering. The superfund appropriation for contracted services totals about \$5.47 million in FY88 and \$6.43 million in FY89. Other operations costs increase moderately to fund aerial site surveillance and computer maintenance costs. The 3.0 new FTE and associated operating costs add about \$97,000 to the budget. Indirect costs total about \$23,500 each year.

The appropriation for the hazardous waste program increases \$73,400 between FY86 actual and FY88 budgeted

expenditures. The program is funded by 25% of RIT and 75% of federal funds (see Table 1).

Personal services costs account for most of the increase in the hazardous waste budget. Federal start up funds were received part way through FY86, making base year personal services expenditures lower than the annualized cost if positions are filled year round. Contracted services expenses decrease due to deletion of one-time program start up costs which offset increases in laboratory testing fees and contracts with nonprofit organizations. Indirect costs for this program are budgeted at about \$33,500 annually.

The UST program budget rises dramatically because federal funding was not received until late FY86 delaying program start up. Most of the cost increase is due to annualization of partial year expenses. During the 1987 biennium, the program was funded with junk vehicle fees and federal funds. The state 25% match was switched to RIT interest in the 1989 biennium.

Contracted services costs go up \$41,000 in FY88 and \$21,000 in FY89 to fund tank testing, laboratory testing, public education, and a survey of land owners regarding UST program requirements. Communications costs increase to fund notification of land owners with tanks. Approval of the modified budget request for UST adds 1.5 FTE and associated operating costs. The 1985 Legislature approved an FTE that was added in FY87.

The solid waste program is the only function in the bureau financed by general fund. During FY86 the solid waste program, in conjunction with junk vehicle program, relocated an FTE from Helena to Billings to better serve the eastern part of the state. Each program funds one-half of the position. The solid waste program left a position open in order to accrue sufficient funds to contribute to the purchase of a vehicle and relocation expenses for the employee. The FY88-89 budget includes increases in rent and contracted secretarial services to fund the Billings office. Instate travel was increased as the base year budget was unrepresentatively low and would not have allowed the program to fulfill its legal obligations.

Other Appropriation Bills

HB 6 allocates grants from RIT to the department for activities in the hazardous waste program. An appropriation of \$101,200 is made for the Apex Mill hazardous waste cleanup at Bannack State Park and \$300,000 is appropriated for remedial action at abandoned oil refinery sites. The department also received reauthorization of a grant in the amount

of \$212,000 for research and public education to help businesses minimize or eliminate hazardous waste generation. The reauthorization gives the department the authority to prepare all necessary bid documents for presentation to and approval of the 1989 Legislature if the department determines that there is a need for the state to construct a hazardous waste management, collection and transfer facility.

During subcommittee hearings, the department agreed to partially fund a new position to manage investigations of hazardous waste sites with some of the administrative funds in the Bannock State Park and oil refinery projects grants. This FTE would be funded in part by the \$60,000 RIT biennial appropriation in the superfund program as well.

The department further agreed to use some of the funds from the reauthorized grant of \$212,000 to hire an FTE to be located in Billings. This position would oversee activities of hazardous waste transfer facilities and provide technical advice to businesses that generate small quantities of hazardous waste.

HB 718 allocates 4% of the RIT interest income to the environmental quality protection fund beginning in FY90. The bill mandates that uses of the fund must include the conduct of a hazardous waste site remedial action program. Remedial action can be taken at sites where a release of hazardous waste has occurred and where the Environmental Protection Agency (EPA) has judged the site ineligible for the national superfund priority list or where the EPA has no authority or no plan to assess the site under CERCLA. The remedial action program must identify and prioritize sites for remedial action; investigate, negotiate, and take legal action to identify and obtain financial participation from responsible parties; achieve remedial action; and recover costs and damages incurred by the state.

HB 789 extends the requirements, except permitting requirements, of the Montana Hazardous Waste Act to temporary storage facilities for hazardous wastes. The statement of intent for HB 789 directs the department to adopt rules similar to those applicable to hazardous waste management facilities that store wastes for longer periods of time. The rules should ensure that public health and the environment are protected.

HB 729 requires that a public hearing be held before a temporary hazardous waste storage, collection or transfer facility commences commercial operation. The bill directs the department to adopt rules governing public hearing requirements.

WATER QUALITY Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	40.50	39.25	41.00	40.75
Personal Services	1,118,913.89	1,005,928	1,182,629	1,179,577
Operating Expenses	477,740.93	375,203	794,645	792,581
Equipment	23,316.89	1,700	25,154	10,848
Grants	106,635.00	180,672	124,233	128,797
Total Program Costs	\$1,726,606.71	\$1,563,503	\$2,126,661	\$2,111,803
General Fund	374,964.80	260,917	461,655	460,825
State Special Revenue Fund	65,979.24	80,992	96,620	100,320
Federal & Other Spec Rev Fund	1,285,662.67	1,221,594	1,568,386	1,550,658
Total Funding Costs	\$1,726,606.71	\$1,563,503	\$2,126,661	\$2,111,803
Current Level Services	1,726,606.71	1,563,503	2,126,661	2,111,803
Total Service Costs	\$1,726,606.71	\$1,563,503	\$2,126,661	\$2,111,803

Program Description

The Water Quality Bureau is responsible for administering Montana's Water Pollution Control, Sanitation in Subdivisions, Water and Wastewater Operators Certification and the Safe Drinking Water Acts. To carry out these responsibilities the bureau performs the following principle activities:

WatersSupply - About 2,000 public community and non-community supplies are monitored by water testing, inspections and plan review.

Construction grants - The federal construction grant program makes funds available to assist municipalities in the construction of sewage treatment facilities. Project priorities are determined, plans are reviewed and construction inspections are provided.

Permits and enforcement - The bureau administers both federal and state wastewater discharge permit acts by issuing permits, reviewing monitoring reports and treatment plans, inspecting facilities and providing enforcement.

Water quality management - This section monitors water quality in streams and provides water quality assessments and cleanup plans for problem areas.

Water and wastewater operator certification and training persons in responsible charge of water supply and wastewater treatment facilities are required to be certified. Study material is provided and examinations are given. About 1,200 operators are certified.

Subdivisions - Proposed parcels of less than 20 acres are reviewed to ensure that adequate water supplies and sewage disposal is provided.

Groundwater pollution control - The bureau responds to complaints of groundwater pollution and reviews and approves plans for activities that may pollute groundwater.

Water pollution control - The bureau is responsible for the investigation of all alleged violations of water quality laws and regulations. This involves complaint investigation and review of major projects that may have a water quality impact.

Issues Addressed/Legislative Intent

The Water Quality Bureau budget increases about \$400,000 each year above FY86 actual expenditures. Most of the increase is attributable to the new wellhead protection program which adds \$266,667 annually.

FTE increase a net of .5 in FY88 and .25 in FY89. The legislature approved 1.0 FTE in the safe drinking water program because the IRS ruled that an independent contractor with the program must be an employee. Two modified requests with FTE were approved. One added .25 FTE in FY88 and .50 FTE in FY89 to the wastewater operators program and the second added .50 FTE in FY88 to complete a project for the permits program that was authorized by budget amendment during the 1987 biennium. These increases were offset by the elimination of 1.25 FTE associated with the Clark Fork study.

The water quality management program budget declines between FY86 and FY88-89 (see Table 1). The decrease is attributable to reductions in contracted services. Federal funds increase due to the addition of funds transferred from the Department of State Lands to DHES for costs of a shared position. The budget for this program includes a portion of the cost of a replacement vehicle to be purchased for the Billings office in conjunction with the safe drinking water and water permits programs.

Table 1
Appropriations for the Water Quality Bureau
FY86 & 1989 Biennium

Item	FY86 Actual	FY88 Budgeted	FY89 Budgeted
Water Quality Management			
General Fund	\$ 86,473	\$ 74,291	\$ 73,058
Federal Funds	106,864	116,627	116,160
Total Funds	<u>\$193,337</u>	<u>\$190,918</u>	<u>\$189,218</u>
Water Pollution Control			
General Fund	\$ 68,372	\$ 85,386	\$ 85,386
Federal Funds	234,631	305,795	300,837
Total Funds	<u>\$303,003</u>	<u>\$391,181</u>	<u>\$386,223</u>
Water Permits			
Federal Funds	<u>\$133,406</u>	<u>167,594</u>	<u>156,199</u>
Construction Grants			
Federal Funds	<u>\$ 298,019</u>	<u>\$ 357,345</u>	<u>\$ 356,756</u>
Groundwater			
Federal Funds	<u>\$ 71,219</u>	<u>\$ 104,286</u>	<u>\$ 103,777</u>
Wastewater Operators			
State Special Revenue	<u>\$ 18,938</u>	<u>\$ 36,620</u>	<u>\$ 40,320</u>
Subdivisions			
General Fund	\$ 123,124	\$ 139,098	\$ 139,091
State Special	42,850	60,000	60,000
Total Funds	<u>\$165,974</u>	<u>\$199,098</u>	<u>\$199,091</u>
Safe Drinking Water			
General Fund	\$ 96,996	\$ 96,213	\$ 96,623
Federal Funds	290,980	316,739	316,929
Total Funds	<u>\$387,976</u>	<u>\$412,952</u>	<u>\$413,552</u>
Wellhead Protection			
General Fund		\$ 66,667	\$ 66,667
Federal Funds		200,000	200,000
Total Funds		<u>\$266,667</u>	<u>\$266,667</u>
Total Bureau Funding	<u>\$1,571,872</u>	<u>\$2,126,661</u>	<u>\$2,111,803</u>
General Fund	\$ 374,965	\$ 461,655	\$ 460,825
State Special	61,788	96,620	100,320
Federal Funds	1,135,119	1,568,386	1,550,658
Total Funding*	<u>\$1,571,872</u>	<u>\$2,126,661</u>	<u>\$2,111,803</u>

* FY86 funding also included federal funds of \$150,541 for the Cabin Creek project, instream flow study, and Clark Fork study. These funds are not included in the total funding shown in this table.

General fund in the water pollution control program rises about \$17,000 because the level of state effort required by the Environmental Protection Agency (EPA) was increased in FY86. The appropriation for the program increases above FY86 actual expenditures about \$86,000 each year of the biennium. About \$12,000 of the amount is due to personal services costs; about \$26,000 is due to indirect costs

assessed against federally-funded personal services; and the balance is in higher contracted services costs.

The recommended budget for the water permits program increases about \$44,000 in FY88 and \$13,000 in FY89 above actual expenditures for FY86. A modified request approved by the legislature will allow the bureau to expend the balance of a grant approved by a budget amendment to automate water permits. A .5 FTE is included in FY88 to complete the project at a cost of \$9,426, all federally funded. Operating costs in this program increase about \$15,300 each year to pay indirect costs assessed against federally-funded personal services costs. A portion of the cost for a replacement vehicle for the Billings office is included in FY88.

The construction grant program annual appropriation increases about \$58,000 over FY86 actual. More than half the growth is due to indirect costs which add about \$31,000 annually. Grants to local communities to begin water system planning and design are budgeted at \$40,000 each year. Equipment purchases for a personal computer and software are included.

The federally-funded ground water program was instituted by the 1985 Legislature. It includes 1.0 FTE and operating expenses. The appropriation increases about \$35,000 over FY86 expenditures. Increases are due largely to contracted services (\$21,000) and equipment (\$7,400). A vehicle and personal computer are included in equipment purchases costing a total of about \$7,500 each year. Indirect costs add about \$42,000 annually.

The wastewater operators program is funded entirely by annual license fees paid by local wastewater operators. The legislature approved a modified request to increase the FTE by .25 each year so that the program will have a total of 1.0 FTE by 1989. The cost of the modified adds about \$12,000 in FY88 and \$18,000 in FY89. Operating costs increase above FY86 actual due to travel for advisory council members and equipment costs for a personal computer.

The subdivision program is financed by general fund and state special revenue funds. Fees charged for subdivision review are split between grants to counties and deposits to the general fund. Most costs are budgeted at FY86 actual expenditures, with personal services costs rising about \$20,000 between FY86 to FY88-89 due to vacancies in FY86. State special revenue funds the grants to counties. Grants are budgeted at \$60,000 each year of the biennium—an increase of about \$17,000 over the FY86 actual grant level.

The safe drinking water program increases by 1.0 FTE due to the determination by the IRS that the independent contractor did not meet the criteria established for contractors. The FTE was added into current level and contracted services and grants were reduced to fund the incremental cost. Most operational costs were budgeted at FY86 actual. This program budget includes a portion of the cost for a replacement vehicle for the Billings office. This program is funded 25 percent by general fund and 75 percent by federal funds.

The appropriation for the wellhead protection program is part of the safe drinking water program, but is shown separately in Table 1. The new program was authorized due to the changes in the federal Safe Drinking Water Act. Had the expansion not been funded, the state could not have requested funds for the program in the next biennium. The appropriation of \$266,667 annually is for contracted services and like the safe drinking water program, the state share of the cost is 25%.

Other Appropriation Bills

HB 6 appropriated RIT funds to the department for monitoring the Clark Fork River. The amount of the grant is \$205,590.

HEALTH SERVICES/MEDICAL FAC Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	16.25	15.25	10.77	10.77
Personal Services	470,077.56	443,504	335,164	335,270
Operating Expenses	263,186.38	344,722	262,759	262,538
Equipment	1,594.86	4,450	5,000	5,000
Total Program Costs	\$734,858.80	\$792,676	\$602,923	\$602,808
General Fund	491,210.47	481,359	353,823	353,775
State Special Revenue Fund	14,990.92	44,567	47,019	47,025
Federal & Other Spec Rev Fund	228,657.41	266,750	202,081	202,008
Total Funding Costs	\$734,858.80	\$792,676	\$602,923	\$602,808
Current Level Services	734,858.80	792,676	602,923	602,808
Total Service Costs	\$734,858.80	\$792,676	\$602,923	\$602,808

Program Description

The Health Services Division Administration manages the operations of the division, has direct responsibility for development and communication of division policy and advisory responsibility on department policy, and manages the resources of the division.

The Emergency Medical Services Bureau is responsible for the planning, development and implementation of a comprehensive state emergency medical services program (MCA 50-6-101-104), and serves as a coordinating mechanism for the various elements comprising the statewide system. Following are activities of the EMS Bureau.

Statewide planning including the writing and enforcement of an emergency medical services plan covering all components of a comprehensive emergency medical services system.

Management of Montana ambulance licensing program (MCA 50-6-301 316, ARM 16.30.101-210) which includes issuance of licenses, annual inspections and reinspections and investigation of complaints and violations.

Training programs for emergency medical technicians at basic, intermediate and paramedic levels (MCA 50-6-201).

Management of the Montana poison control system including providing methods of public access and provision of public and professional education.

Provision and management of a Montana first responder training program - an emergency medical training program for law enforcement, fire and other public safety members of the emergency medical services system.

Training of rural emergency room nurses and the coordination of the advanced trauma life support program for physicians.

Provision of technical assistance to local EMS providers and trainers including the writing and dissemination of a variety of training manuals and handbooks, and responding to numerous requests for on-site technical assistance.

The Nursing bureau has primary responsibility for education and consultation for Montana's 369 community health nurses. The three major programs are: 1) public health nursing, 2) school health services; and 3) home health services. The Nursing Bureau was eliminated by the 1987 Legislature.

In carrying out the mandate of 50-1-202 (11), the professional nursing staff of the bureau develop and promote standards for community health nursing services, including assurance that the legal requirements for nursing practice are met in the community setting. Additionally, staff monitor and evaluate quality assurance and patient care standards in direct-service clinics, including well-child and residential child care health services; provide public and professional education and consultation; develop educational, technical and other materials for local providers of public health, school and home health nursing services. Evaluation of local health services and participation in recruitment and hiring of locally-employed staff are also responsibilities of the generalized nursing consultation staff. Staff of the bureau assume division-wide responsibilities and provide input into the professional nursing component of the MCH block grant to counties; inborn errors of metabolism; and Sudden Infant Death (SIDS); WIC; communicable disease control, including school nursing consultation regarding AIDS. Professional supervision of nurses employed in the Preventive Health, Family/MCH, and Nursing bureaus is provided by the bureau chief.

Issues Addressed/Legislative Intent

The Health Services and Medical Facilities program has the division administration of the Health Services and Medical Facilities Division and the Emergency Medical Services Bureau. The Nursing Bureau, although eliminated by the legislature is included in this program as well.

The legislature eliminated the Nursing Bureau, reducing general fund outlays by \$95,463 in FY88 and \$94,557 in FY89, and reducing FTE by 2.0 full-time positions. The bureau budget and FTE had been reduced as part of the reorganiza-

tion of the department which transferred most of the bureau functions to the Preventive Health and Maternal Child Health bureaus. Of the 15.5 FTE authorized for FY86, one position was deleted by the department to absorb the 5% cut and unfunded portion of the FY87 pay plan. Four positions were transferred to the family planning program in the Maternal Child Health Bureau and 8.5 FTE were transferred to the Preventive Health Bureau.

Division Administration

The division administration program funding increases by almost 49% (see Table 1). The growth in general fund results from the loss of federal health planning funds. Previously some of the personal services and operating costs for .75 administrative FTE had been paid by these federal funds.

The legislature approved the modified budget request to increase general fund to pay costs previously federally funded and to add the .75 FTE. The modified added about \$33,500 general fund each year of the biennium.

Authorized positions in the program increase by .6 FTE from FY86 actual to FY88 budgeted. The increase of the .75 additional positions was offset by a reduction of .15 FTE which was the program's portion of an administrative clerk position that was deleted to fund the 5% cut and unfunded portion of the FY87 pay plan.

Emergency Medical Services

The appropriation for the Emergency Medical Services (EMS) Bureau increases by about \$32,000 annually above FY86 expenditures even though staff positions decrease by 1.08 FTE. The increase in funding occurs in state special revenue. The amount of general fund and federal funds allocated to the program decline below FY86 actual funding levels.

FTE decrease by a net of 1.08 between FY86 and FY88. 1.15 FTE were eliminated by the department to meet the 5% cut and unfunded portion of the FY87 pay plan. An aggregate .07 FTE was added to the EMS bureau because the IRS ruled that some of the independent contractors must be employees of the bureau. Contracted services costs were decreased by about \$16,800 each year as a result.

Operating expense increases for the bureau are due primarily to the expected increase in training and testing of emergency medical technicians (EMT). Almost \$30,000 was added each year for such functions. Equipment purchases include replacement training equipment and \$2,100 for defibrillator equipment in FY88.

State special revenue consists of fees paid for EMT training and testing. The increase in related costs is offset by increased fee authority. The federal funds in the EMS program are preventive health block grant funds.

Table 1
Appropriations for the Health Services and
Medical Facilities Division by Subprogram
FY86 & 1989 Biennium

Item	FY86 Actual	FY88 Bud- geted	FY89 Bud- geted
Division Administration			
FTE	1.90	2.50	2.50
Personal Services	\$ 66,866	\$ 98,863	\$ 98,950
Operating	2,678	4,751	4,735
Total Costs	<u>\$ 69,544</u>	<u>\$103,614</u>	<u>\$103,685</u>
General Fund	\$ 36,618	\$ 69,719	\$ 69,790
Fed/Spec. Rev.	32,926	33,895	33,895
Total Funds	<u>\$ 69,544</u>	<u>\$103,614</u>	<u>\$103,685</u>
Emergency Medical Services Bureau			
FTE	9.35	8.27	8.27
Personal Services	\$235,124	\$237,760	\$237,790
Operating	231,132	256,549	256,333
Equipment	1,594	5,000	5,000
Total Cost	<u>\$467,850</u>	<u>\$499,309</u>	<u>\$499,123</u>
General Fund	\$284,435	\$284,104	\$283,985
State Spec. Rev.	14,992	47,019	47,025
Fed/Spec. Rev.	168,423	168,186	168,113
Total Funds	<u>\$467,850</u>	<u>\$499,309</u>	<u>\$499,123</u>
Nursing Bureau			
FTE	15.50		
Personal Services	\$168,089		
Operating	29,383		
Total Cost	<u>\$197,472</u>		
General Fund	\$170,158		
Fed/Spec. Rev.	27,314		
Total Funds	<u>\$197,472</u>		

Other Appropriation Bills

SB 353 instituted state regulation of the formation and operation of health maintenance organizations (HMO). The department must certify that applicants for a certificate of authority to operate an HMO demonstrate the willingness and potential ability to assure availability and accessibility of adequate personnel and facilities to provide accessible and continuing care. Applicants also must provide for ongoing quality assurance concerning health care.

The department must develop a procedure for reporting and evaluating statistics that detail the cost of HMO operations and utilization of services. The department is to adopt rules governing these responsibilities. The act also gives DHES the authority to establish and assess fees on HMO's to fund the HMO program expenses and gave the department a statutory appropriation to spend the fee income. The fiscal note for SB 353 estimated that the department would need 1.0 FTE to administer the program. The total cost was estimated to be \$110,325 in FY88 and \$107,325 in FY89. The impact of the bill has been included in this section because the new program most closely fits with the objectives and

functions of the Health Services/ Medical Facilities Division.

FAMILY/MCH BUREAU Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	2.90	21.50	23.50	23.50
Personal Services	566,245.02	534,076	626,476	626,635
Operating Expenses	997,857.41	5,940,812	1,144,712	1,136,052
Equipment	45,071.25	0	12,510	90,170
Grants	5,091,638.41	3,105,337	2,674,592	2,685,822
Benefits and Claims	4,437,246.36	0	7,299,325	7,491,298
Total Program Costs	\$11,138,058.45	\$9,580,225	\$11,757,615	\$12,029,977
General Fund	40,127.83	46,692	30,635	31,013
Federal & Other Spec Rev Fund	11,097,930.62	9,533,533	11,726,980	11,998,964
Total Funding Costs	\$11,138,058.45	\$9,580,225	\$11,757,615	\$12,029,977
Current Level Services	11,001,087.92	9,580,225	11,757,615	12,029,977
Budget Amended Services	136,970.53	0	0	0
Total Service Costs	\$11,138,058.45	\$9,580,225	\$11,757,615	\$12,029,977

Program Description

The Family/Maternal and Child Health Bureau has overall administrative responsibility for the following programs:

1. The special supplemental food program for women, infants and children (WIC) provides several services to pregnant women, infants and children up to age five, who are income-eligible and at nutritional risk. These services include education and counseling to improve eating behaviors; provision of selected foods to supplement diets; and access to preventive health programs and referral to private and public health providers.
2. The child nutrition (CN) program provides cash reimbursement for meals meeting specific nutritional requirements which are served to children enrolled in licensed/approved day care centers, Head Start programs, day care homes, and others.
3. The handicapped children's services (HCS) program provides diagnostic, evaluation and treatment services for children from birth to 18 for a specific and limited number of chronically handicapping conditions. Services are provided to low-income families who are not covered by Medicaid or private insurance.
4. Nutrition consultation integrates nutrition services into existing health programs, such as nursing and dental as well as WIC, CN, HCS and family planning and assures that trained, qualified persons provide acceptable nutrition services to specific populations in order to promote and provide appropriate nutrition services.
5. The family planning program provides quality comprehensive family planning services through local agencies to women ages 15-44 at risk of unwanted pregnancy who are income eligible in order to reduce unwanted and mistimed pregnancies.

The Family/Maternal and Child Health Bureau administration activities entail coordination of the above individual programs and responsibilities to provide medical direction for the metabolic screening program, Handicapped Children Services program, and Family Planning program.

The Maternal and Child Health Bureau (MCH) is the new name given to the clinical program as part of the reorganization of the department. Family planning was transferred from the Nursing Bureau resulting in a net increase of .5 FTE. Child nutrition, the special supplemental food program for women, infants and children (WIC) and handicapped children's services remained in the bureau. The Montana perinatal program was transferred to the new Preventive Health Bureau, also within the Health Services and Medical Facilities Division. The maternal child health block grants to counties were transferred to the MCH Bureau from the Director's Office.

Issues Addressed/Legislative Intent

The Family and Maternal Child Health Bureau (MCH) was the new name given to the Clinical Bureau as part of the reorganization of the department. The family planning program is transferred to the MCH Bureau from the Nursing Bureau. Child nutrition, the special supplemental food program for women, infants and children (WIC) and handicapped children's services (HCS) remain in the bureau. The Montana perinatal program, originally in the Clinical Bureau, is transferred to the new Preventive Health Bureau, also within the Health Services and Medical Facilities Division. The maternal child health block grants to counties were transferred to the MCH bureau from the Director's Office.

Bureau staff positions increase by a net of .5 FTE from 23.00 actual FTE in FY86 to 23.50 budgeted FTE in FY88. A 1.0 FTE data entry operator was added as part of a modified budget request for on-line WIC data entry. A .5 FTE public health nurse was deleted from the family planning program. The FY86 FTE level represents the number of positions in bureau administration only and does not include the other programs.

Bureau administration receives the only general fund allocated to programs within the MCH bureau (see Table 1). General fund decreases about \$9,500 per year below FY86

actual as the administrator's position is reinstated at a full FTE, and funded with MCH block grant funds. It had been reduced to .75 FTE as part of the FY87 5% reduction.

Table 1
Appropriations for the Family/Maternal Child Health
Bureau
FY86 & 1989 Biennium

Item	FY86 Actual	FY88 Budgeted	FY89 Budgeted
Bureau Administration			
General Fund	\$ 40,128	\$ 30,635	\$ 31,013
MCH Block	784,207	767,587	772,245
Total Funds	<u>\$ 824,335</u>	<u>\$ 798,222</u>	<u>\$ 803,258</u>
Child Nutrition			
Federal Funds	<u>\$2,357,868</u>	<u>\$2,664,406</u>	<u>\$2,662,436</u>
WIC			
Federal Funds	<u>\$5,889,097</u>	<u>\$6,389,609</u>	<u>\$6,659,807</u>
Family Planning			
Federal Title V	\$ 772,307	\$ 808,244	\$ 808,244
PH Block	193,430	202,015	202,017
MCH Block	27,268	29,000	29,000
Total Funds	<u>\$ 993,005</u>	<u>\$1,039,259</u>	<u>\$1,039,261</u>
Handicapped Children Program			
MCH Block	<u>\$ 797,536</u>	<u>\$ 866,119</u>	<u>\$ 865,215</u>

MCH grants to counties are included in the bureau administration program. Counties must match every \$4 in federal funds with \$3 in local funds for projects that benefit women and children. The grant amounts for the 1989 biennium are about \$162,000 to \$165,000 lower than FY86 actual. Language in HB 2 directs the department to distribute additional MCH grant revenues to the counties if the total amount of the MCH block grant exceeds \$1,897,421 either year of the biennium.

The child nutrition appropriation increases about \$310,000 annually above FY86 actual program expenditures. Responsibility and funding for the child nutrition audits were transferred to this program from the Support Services Bureau necessitating increases of about \$36,000 annually in contracted services and \$4,000 in travel. Indirect costs add about \$12,300 to the appropriation each year. Grants to day-care providers for reimbursement for meals for eligible

children were increased about \$230,000 annually (see Table 2).

Table 2
Grants by Program within the Family/ Maternal Child
Health Bureau
FY86 and 1989 Biennium

Program	FY86	FY88	FY89
Bureau Admin.—			
MCH to Counties*	\$ 824,664	\$ 662,587	\$ 667,245
Child Nutrition	2,270,164	2,500,000	2,500,000
WIC	1,079,025	1,192,061	1,192,061
Family Planning**	917,786	819,944	826,516
Total	<u>\$5,091,639</u>	<u>\$5,174,592</u>	<u>\$5,185,822</u>

* The FY86 MCH block grants to counties includes a legislative appropriation of \$139,247.

** The FY86 family planning grants includes a budget amendment of \$120,266.

WIC is 100% federally-funded. The 1989 biennium budget increases about \$500,000 in FY88 and \$800,000 in FY89. About \$120,000 of the increase is attributable to a higher grants appropriation (see Table 2).

The largest operating increase in the WIC budget results from the approval of the modified request to automate WIC payment data. About \$32,700 in FY88 and \$26,400 in FY89 is added to the operating budget for the on-line system. FTE increase 1.0 full-time position as well. The computer equipment appropriation for in-house automation adds \$85,100 in FY89. Contracted services costs decrease about \$50,000 as a result. Indirect costs add about \$29,000 to the annual appropriation.

The family planning 1989 biennium appropriation is about \$16,250 higher each year than FY86 expenditures. Operating cost increases were allowed for printing and clinic expenses. The purchase of two personal computers and software is included. Grants to local agencies decrease from FY86 actual because additional funds were available in FY86 (see Table 2).

The FY88 appropriation for the handicapped children program increases about \$68,500 over current FY86 level. The program is funded entirely from MCH block grant funds. Increases are granted for contracted medical services. It is the intent of the legislature that these funds be used to provide treatment to more individuals and not to increase reimbursement rates to service providers.

PREVENTIVE HEALTH BUREAU Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	31.00	12.90	15.00	15.00
Personal Services	345,293.22	358,765	445,691	446,205
Operating Expenses	710,317.20	299,216	1,102,650	572,850
Equipment	4,598.85	1,000	5,900	327
Grants	13,070.00	820,197	17,028	17,101
Total Program Costs	\$1,073,279.27	\$1,479,178	\$1,571,269	\$1,036,483
General Fund	473,603.13	57,363	743,645	223,707
Federal & Other Spec Rev Fund	599,676.14	1,421,815	827,624	812,776
Total Funding Costs	\$1,073,279.27	\$1,479,178	\$1,571,269	\$1,036,483
Current Level Services	1,073,279.27	1,479,178	1,571,269	1,036,483
Total Service Costs	\$1,073,279.27	\$1,479,178	\$1,571,269	\$1,036,483

Program Description

The Preventive Health Bureau has administrative responsibility for the following programs:

The Montana perinatal program (MPP) administers educational projects directed towards improving the outcome of pregnancy.

The dental program consists primarily of dental prevention projects such as fluoride mouthrinse and screening programs. Forty-six counties and 390 school systems currently participate in the programs. Over 75,000 children receive dental health education pertaining to proper diet, brushing and flossing techniques.

The hypertension program establishes and maintains preventive health projects which include screening, education, referral and compliance for elevated blood pressure treatment. The program works through state-local partnerships, providing funds on a competitive basis.

The health education risk reduction (HERR) program delivers services through state-local partnerships which include behavioral risk surveillance, health risk appraisals (3000 + annually), community health promotion activities and educational programs on personal health risks and change.

The health promotion and education (HP & E) program manages resources and activities directed at promoting health and reducing disease.

The behavioral risk surveillance (BRS) program identifies and monitors major risk factors occurring in the population of Montana.

The immunization program includes monitoring of the school immunization law, and assures adequate immunization levels of Montana children by providing vaccine to 82 public providers.

The communicable disease program provides surveillance and outbreak control for approximately 100 reportable communicable diseases.

The sexually-transmitted disease (STD) program consists of casefinding, treatment, and prevention of sexually transmitted disease, including inter- and intra-state referral and coordination.

The rabies program provides professional consultation and vaccine (as necessary) to persons potentially exposed to rabies through animal bite or other exposure.

The end stage renal disease program (ESRD) assists Montanans who have chronic end stage renal disease as verified by a nephrologist. The program, funded by general funds, assists with medicare co-insurance payments and "medicare disallows" for eligible services.

The rape/crisis program supports local level intervention and education efforts for law enforcement and social service agencies across the state.

The Montana AIDS project is responsible for health education/risk reduction of general population (low-risk), allied health professionals, and specific high-risk groups, as well as administrative responsibility for testing and counseling of those persons in the high-risk categories. Additionally, the project is responsible for AIDS morbidity/mortality surveillance and reporting. Screening of the State blood supply is also monitored by the project.

Issues Addressed/Legislative Intent

The Preventive Health Bureau is part of the Health Services/Medical Facilities Division. The bureau was created as part of the departmental reorganization. The perinatal program was transferred from the Clinical Bureau and the Dental and Health Education bureaus became part of the new Preventive Health Bureau. Several programs were transferred from the Nursing Bureau including: communicable disease, sexually-transmitted diseases (STD) and immunization. Rape crisis grants were transferred from the Director's Office. Table 1 shows the programs within the bureau by the funding of each program.

Bureau staff increase by a net of 2.10 FTE. Two full-time positions for the Montana AIDS Project were added with the approval of a modified request. A .5 FTE administrative aide authorized by the 1985 Legislature was retained in the Perinatal program. A .4 FTE administrative clerk position was deleted from the Dental program as a result of the 5% cut. The FY86 FTE include the positions in the Nursing Bureau that were transferred to various programs and 3.0 FTE that were eliminated.

The 1985 Legislature adopted a per capita tax on each Montana resident insured under a health or disability insurance policy to fund a genetics program in the Preventive Health Bureau. The program was reauthorized by the 1987 Legislature and the tax was made permanent. The amount of the tax was lowered from \$.40 to \$.35 per insured resident. The

bill also included a biennial appropriation of \$520,000 for a contract to provide genetic counseling and testing.

The Montana perinatal program accounts for about one-fifth of total bureau costs (not including the genetics program). The appropriation increases about \$17,300 in FY88 above current level FY86 expenditures (see Table 1). Personal services costs and equipment purchases account for most of the expenditure growth. A personal computer and software are included in the program budget.

Table 1
Appropriations for the Preventive Health Bureau
FY86 and 1989 Biennium

Item	FY86 Actual	FY88 Budgeted	FY89 Budgeted
Perinatal Program			
MCH Block	\$ 94,144	\$ 137,988	\$ 134,234
PH Block	96,529	70,012	68,670
Total Funds	\$190,673	\$208,000	\$202,904
Dental			
General Fund	\$ 24,909	\$ 21,672	\$ 21,599
MCH Block	57,997	43,000	43,000
PH Block	0	18,318	18,455
Total Funds	\$ 82,906	\$ 82,990	\$ 83,054
Behavioral Risk			
Federal Funds	\$ 10,878	\$ 11,000	\$ 11,000
Health Education Risk Reduction			
Total PH Block	\$ 47,869	\$ 48,218	\$ 48,315
AIDS			
General Fund	\$ 11,677	\$ 0	\$ 0
Federal Funds	6,814	94,380	84,030
Total Funds	\$ 18,491	\$ 94,380	\$ 84,030
Communicable Diseases			
General Fund	\$ 42,786	\$ 43,085	\$ 43,170
STD			
General Fund	\$ 11,946	\$ 12,075	\$ 12,093
Federal STD	67,436	76,267	76,356
Total Funds	\$ 79,382	\$ 88,342	\$ 88,449
Immunization			
General Fund	\$ 19,208	\$ 21,813	\$ 21,845
Federal Funds	160,641	267,810	267,918
Total Funds	\$179,849	\$289,623	\$289,763
Rape Crisis, Renal and Rabies			
Rape Crisis PH Block	\$ 11,970	\$ 11,970	\$ 11,970
End Stage Renal Disease	122,500	125,000	125,000
Rabies	47,528	48,661	48,828
Total Funds	\$181,998	\$185,631	\$185,798
Total Bureau*	\$834,832	\$1,051,269	\$1,036,483

* The total bureau appropriation does not include the biennial general fund appropriation of \$520,000 to fund the genetics program.

The dental program has appropriations of general fund and monies from both block grants. The budget rises slightly from FY86 current level. Increases for the purchase of fluoride and toothbrushes are offset by the reduction in personal services from the elimination of .4 FTE in the program.

The Health Education and Risk Reduction Project used to be located in the Dental Bureau. The appropriation is slightly higher than FY86 actual costs largely attributable to inflationary increases.

The Behavioral Risk Project modified request establishes a monthly public survey of behavior as it relates to health risks. The \$11,000 annual amount of federal authority represents the first two years of a five-year grant.

The legislature approved the Montana AIDS Project modified request for continued funding for 2.0 FTE and operating expenses to develop and conduct community education projects. Total costs of the ongoing project are about \$84,000 per year and are federally funded. The project was started in the 1987 biennium by budget amendment.

The legislature approved a second modified budget request related to the AIDS project that allows the expenditure of remaining grant funds approved by budget amendment in the 1987 biennium. About \$10,300 of federal funds would be spent in FY88 on contracted services to provide counseling and testing for AIDS.

The communicable disease program is financed entirely by general fund. The FY88-89 appropriation holds expenses to current level FY86 costs, except for small increases in the personal services budget (see Table 1).

The STD program is funded by a federal categorical grant and general fund. General fund expenses are limited to 20% of the personal services costs and instate travel, with the remainder of program costs being federally financed. The appropriation increases about \$9,000 over current level FY86. The bulk of growth is due to the indirect costs assessed against the federally-funded portion of personal services.

The immunization program accounts for almost one-third of the total bureau budget, excluding the genetics program. The appropriation for this program includes an increase of about \$95,000 to offset the increase in the cost of vaccines. Most other operating expenses are held to the FY86 level. Like the STD program, the general fund portion of the budget pays 20% of personal services and instate travel costs. The balance of the program is federally funded. Indirect costs assessed against federally-funded personal services also increase the operating budget.

Other programs included in the PH bureau include: rape crisis, funded by \$11,970 of preventive health (PH) block grant funds; the renal program, funded by \$125,000 general fund; and the rabies vaccine program, funded by a federal monies. The rape crisis grants are mandated as part of the receipt of the PH block grant.

LICENSING AND CERTIFICATION Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	17.14	16.35	25.55	25.55
Personal Services	443,468.57	449,402	686,849	686,682
Operating Expenses	165,476.31	138,442	193,971	193,866
Equipment	21,945.63	0	2,356	500
Total Program Costs	\$630,890.51	\$587,844	\$883,176	\$881,048
General Fund	243,756.35	250,695	368,558	367,630
Federal & Other Spec Rev Fund	387,134.16	337,149	514,618	513,418
Total Funding Costs	\$630,890.51	\$587,844	\$883,176	\$881,048
Current Level Services	630,890.51	587,844	883,176	881,048
Total Service Costs	\$630,890.51	\$587,844	\$883,176	\$881,048

Program Description

The Licensing and Certification Bureau is responsible for monitoring the operation, maintenance, and design of various health care facilities and related services including hospitals, long-term care facilities, home health agencies, medical laboratories, outpatient physical or speech therapists and facilities, renal dialysis units, ambulatory surgical centers, mental health and retardation treatment facilities, hospice, swing beds and chemical dependency treatment facilities.

The bureau has legal authority to issue licenses, grant Medicaid certification, and recommend Medicare certification for facilities and services that meet regulations. It has the legal responsibility to promulgate and revise licensing regulations, to investigate and act upon citizens' complaints, and to revoke the license or certification of any facility or ser-

vice which falls below minimum standards and jeopardizes the health or safety of the patients or clients.

The surveyors and supervisory staff provide continuing consultation services to all providers and information to the public and government and private agencies.

Issues Addressed/Legislative Intent

The legislature approved a recommendation in the executive budget to add 9.5 FTE and associated operating costs to the Licensing and Certification Bureau. The total cost of the modified recommendation is about \$306,000 per year, of which about \$126,000 is general fund.

The additional positions include 2.5 that were authorized by program transfer in FY86; 1.0 FTE that must be hired as an employee and cannot remain as an independent contractor

according to an IRS ruling, and 6.0 FTE included and approved in the program budget submission to the federal Health Care Financing Administration (HCFA). Additional staff are necessary to meet increased workloads resulting from new federal regulations and the growth in the number of health care facilities that must be surveyed. Recently published federal regulations double the number of on site patient interviews that must be conducted as part of the Medicaid and Medicare certification process. The department testified during subcommittee hearings that HCFA compared the number of Montana certification program staff to surrounding Rocky Mountain states and found the Montana program to be understaffed after taking into account the number of facilities to be surveyed and the distance between such facilities.

The total number of program FTE increase by a net 9.2. The increase of 9.5 is offset by a reduction of .3 FTE in FY87 in order to meet the 5% funding reduction and to meet the unfunded portion of the FY87 pay plan.

The growth in the general fund appropriation for this program is deceptive. Program funding must be allocated equally between general fund, Medicaid funds and Medicare funds according to federal mandate. Because Medicaid re-

quires a general fund match (roughly a third state match), state funds contribute more than one-third of the total funds.

Although the program appropriation must be budgeted between funding sources, reimbursement is made according to allocation of staff time to each licensing and certification area. During FY86 more time was spent on Medicaid and Medicare certification than state licensure activities.

The legislature added language in HB 2 prohibiting the transfer of general fund authority out of this program. General fund and federal authority may be transferred into the program, however. General fund in the program may be reduced if the Governor requests a general fund reduction of state agency budgets.

The equipment budget includes a typewriter in FY88 and computer software in both years. Most other operating costs were budgeted at FY86 actual, except contracted services which declines as the building consultant contract was discontinued and an FTE authorized for that function. In FY86, legal expenses of \$58,181 for the family planning lawsuit were paid from this program budget. The expenses have been deleted from the base.

HEALTH PLANNING Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	9.00	8.00	4.75	4.75
Personal Services	235,996.20	247,890	141,327	141,318
Operating Expenses	68,077.33	85,189	34,529	28,915
Equipment	2,717.33	0	250	250
Total Program Costs	\$306,790.86	\$333,079	\$176,106	\$170,483
General Fund	114,157.06	119,163	176,106	170,483
Federal & Other Spec Rev Fund	192,633.80	213,916	0	0
Total Funding Costs	\$306,790.86	\$333,079	\$176,106	\$170,483
Current Level Services	306,790.86	333,079	176,106	170,483
Total Service Costs	\$306,790.86	\$333,079	\$176,106	\$170,483

Program Description

The Bureau of Health Planning and Resource Development produces the state health plan, related plans, and planning research; administers the state certificate of need program for medical facilities; and collects, maintains, and distributes health facility, service and manpower data.

Issues Addressed/Legislative Intent

This program was included as a modified request in the executive budget because the certificate of need (CON) statutes administered by the bureau expired at the end of FY87 and because the federal funding for health planning had been discontinued. The legislature passed SB 246 extending the CON process another biennium until federal guidelines for health planning and the construction of new health care facilities are adopted.

Budgeted FTE are 4.25 fewer than actual FY86. When federal funding was discontinued the bureau cut staff and operating costs to a minimum. The legislature adopted the minimized budget.

General fund outlays for the program increase about \$62,000 over FY86 actual. However, total the FY88 budget is about \$128,000 less than FY86 actual expenditures. The equipment budget includes funds for the purchase of software both years of the biennium. Other operating expenses are budgeted at FY86 actual expenditures or lower.

The bureau will be able to administer the CON law and update the state health plan at the level of funding adopted by the legislature over the 1989 biennium. However, the department testified during subcommittee hearings that additional funding and staff would be necessary to write a new state health plan in the 1991 biennium. Updating the 1987 health plan will work in the short term, but the plan will need to be researched and rewritten in FY90 and FY91.

SB 246 established fees for CON applications and hearings. The application fee is to be .3% of the estimated capital expenditure, except that no fee may be less than \$500. Each affected person who is party in a hearing held to reconsider the department recommendation on a CON application shall pay a \$500 fee to the department. The fee income will be deposited to the general fund to offset the increased state

commitment to the program. Fee income is estimated to be \$86,250 per year.

SB 246 repeals the requirement to obtain a CON effective July 1, 1989. However, the statement of intent adopted with SB 246 directs the department to prepare an evaluation of the need to continue the CON program by December 1988. The department is directed also to identify alternative legislation that would be needed if CON were to be discontinued. If possible, the legislative audit committee is to make a performance audit of the CON process and make its recommendation to the 1989 Legislature.

In addition to replacing federal health planning funds in this bureau with general fund, the legislature approved a modified request to fund portions of two administrative positions in Health Facilities and Medical Services Division administration previously funded by federal health planning monies. About \$34,000 per year of general fund was added to the division administration budget to fund .75 administrative FTE.

The legislature approved a supplemental appropriation of \$35,713 general fund to continue operation of this program through 1987 fiscal year end.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	2,005.50	1,985.75	1,920.74	1,931.14
Personal Services	52,885,941.23	52,025,032	54,081,272	54,407,768
Operating Expenses	222,780,620.27	203,322,545	173,588,942	177,252,634
Equipment	3,685,817.16	5,871,264	6,422,413	6,120,081
Capital Outlay	2,241,454.86	2,858,108	5,302,630	2,388,130
Grants	14,282,777.84	300,000	282,778	282,778
Transfers	31,020,070.48	16,563,599	1,930,659	1,705,659
Debt Service	16,914.59	8,502	16,915	16,915
Total Agency Costs	\$326,913,596.43	\$280,949,050	\$241,625,609	\$242,173,965
State Special Revenue Fund	183,387,074.13	152,048,344	129,229,829	130,407,443
Federal & Other Spec Rev Fund	129,073,261.09	114,992,701	95,897,753	95,300,954
Proprietary Fund	14,453,261.21	13,908,005	16,498,027	16,465,568
Total Funding Costs	\$326,913,596.43	\$280,949,050	\$241,625,609	\$242,173,965
Current Level Services	326,857,650.12	280,949,050	241,625,609	242,173,965
Budget Amended Services	55,946.31	0	0	0
Total Service Costs	\$326,913,596.43	\$280,949,050	\$241,625,609	\$242,173,965

Agency Description

The Department of Highways is responsible for the planning, designing, constructing, repairing, reconstructing and maintaining the state's highways. It is also responsible for assessing and mitigating the social and environmental impacts resulting from these activities. The department also enforces the gross vehicle weight statutes and regulations. The department's statutory authority is derived from section 2-15-2501, MCA. Specification of the department's statutory powers and duties is found in Title 60, chapter 2, part 2, MCA.

Issues Addressed/Legislative Intent

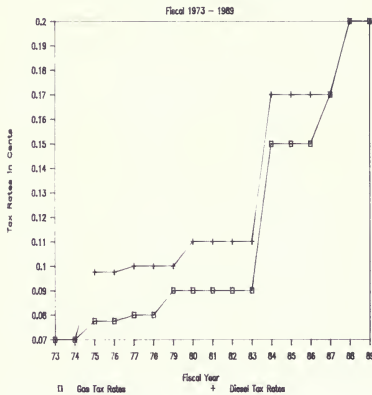
The legislatively approved budget for the Department of Highways reflects two trends. First, operating expenses for the base program (net of construction costs) is reduced approximately \$27 million in each fiscal year in comparison with the expenditure level in FY86. Approximately \$14 million of this amount represent funds that go to local government. These funds are now appropriated in statute and are not included in the department's budgeted figures. In addition,

\$4 million has been reduced because of debt restructuring of the department's bond issue payments. The remaining reduction comes primarily from the elimination of 140.36 FTE from the FY86 authorized level including 20.5 FTE in the Maintenance Program.

The Construction Program expenses also decline approximately \$46 million from the FY86 level, reflecting the completion of the interstate system.

The legislature approved HB136 which increased the gas and diesel tax by three cents per gallon to 20 cents per gallon for gasoline and diesel. The additional revenue that will be generated has been pledged for repayment of a \$150 million bond issue that will be completed before July, 1987. This additional revenue will fund the reconstruction trust Fund (RTF) which is the department's program to reconstruct and resurface the state's primary road system with 100% state funds. The increased areas of the budget due to an increased RTF program appear in the Construction and Preconstruction Programs. Historical tax rates and net Highway Department collections from fuel taxes are displayed below.

Per Gallon Fuel Tax Rates



Fuel Tax Collections

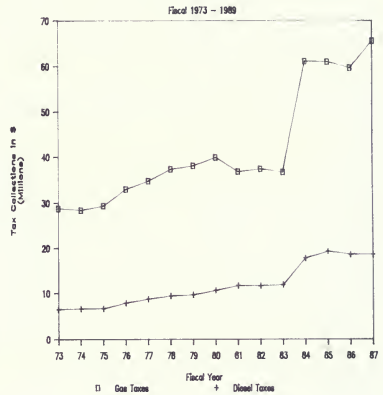


Table I
Gas and Diesel Tax Collections and Rates

Fiscal Year	Gasoline		Diesel	
	Tax Rate	Collections	Tax Rate	Collections
1973	0.07	\$28,797,215	0.07	\$6,546,050
1974	0.07	\$28,406,106	0.07	\$6,634,991
1975	0.0775	\$29,347,498	0.0975	\$6,702,829
1976	0.0775	\$32,938,703	0.0975	\$7,914,518
1977	0.08	\$34,781,015	0.1	\$8,787,176
1978	0.08	\$37,329,995	0.1	\$9,443,204
1979	0.09	\$38,095,294	0.1	\$9,670,767
1980	0.09	\$39,917,484	0.11	\$10,659,498
1981	0.09	\$36,811,022	0.11	\$11,705,214
1982	0.09	\$37,395,507	0.11	\$11,697,235
1983	0.09	\$36,687,190	0.11	\$11,877,324
1984	0.15	\$61,088,589	0.17	\$17,793,066
1985	0.15	\$60,948,945	0.17	\$19,278,727
1986	0.15	\$59,566,023	0.17	\$18,576,576
1987	0.17	\$65,533,959	0.17	\$18,576,576
1988	0.2	\$65,517,209	0.2	\$18,576,576
1989	0.2	\$64,373,065	0.2	\$18,576,576

The following table presents projected cash flows for the Highway Earmarked Revenue Account for the 87 and 89 bienniums.

It is prepared on a working cash basis from the Statewide Budgeting and Accounting System (SBAS) and do not contain the adjustments and disclosure that would be necessary to present the financial information in accordance with generally accepted accounting principles. These schedules include activity in the Highway Earmarked Revenue Account, the Highway Reconstruction Trust Fund Account and the Highway Bond Accounts.

It is important to note that the projected \$98 million balance at the end of FY89 reflects the April 1987 \$150 million bond sale. Debt service payments for the bonds increase from the \$10,041,083 shown in the schedules to \$17,860,983 from 1993 through 2005. Coal tax revenues, gross vehicle weight fees and motor fuel taxes are pledged to repayment of the bonds. The bonds and other revenues are committed to funding the 1987-1993 Reconstruction Trust Fund Program. Changes in revenues will directly affect funds available for RTF projects during that period.

The schedules do not reflect revenues the Department receives as reimbursement from the federal government of its share of the cost of constructing and reconstructing highways and bridges that are part of the federal-aid system. These revenues are deposited in the Federal Special Revenue Account.

The Department is required to maintain an approximate \$10 million balance in the Highway Earmarked Revenue Account for availability of state match for additional federal revenues, possible natural disasters and advance funding of contractor payments due to the reimbursement nature of the federal-aid program.

Table 3
Projected Cash Flow
Highway Earmarked Revenue Account

	Actual FY86	Budgeted FY87	Budgeted FY88	Budgeted FY89
BEGINNING CASH BALANCE	\$73,540,570	\$45,286,748	\$136,008,400	\$122,902,124
REVENUE				
G.V.W.	22,583,650	22,809,487	23,037,582	23,267,958
Gas Tax	59,576,264	65,299,704	65,517,209	64,373,065
Diesel Tax	18,576,576	18,576,576	18,576,576	18,576,576
Accounts Receivable	1,014,755	1,497,631	1,014,755	1,014,755
Mineral Royalties	7,577,783	0	0	0
Coal Tax	1,684,344	5,949,000	7,938,000	6,810,000
Interest Income	3,466,058	0	0	0
Stores	12,792,441	12,643,971	13,602,298	13,672,810
Prior Year Revenue Adj.	250,393	0	0	0
Modified Revenue	0	0	13,707,063	14,719,660
Bond Proceeds	0	98,210,000	0	0
ACI Reimbursement		\$ 12,000,000	\$ 8,806,000	\$ 0
TOTAL REVENUE	\$127,522,264	\$236,986,369	\$152,004,483	\$143,357,824
AVAILABLE CASH	\$201,062,834	\$282,468,117	\$287,284,883	\$264,928,948
EXPENDITURES				
G.V.W.	3,205,616	3,388,159	3,497,307	3,503,362
General Operations	4,567,463	4,944,397	5,383,195	5,208,734
Construction	14,669,564	7,057,058	37,590,039	28,432,277
Maintenance	41,546,502	38,688,379	40,613,889	40,865,147
Preconstruction	4,787,503	3,165,851	5,459,612	4,357,716
Equipment	2,910,182	2,247,850	1,930,659	1,705,659
Headquarters Building	646,106	588,505	591,525	597,881
A. & E.	732,886	962,000	761,000	761,000
Local Government	14,150,000	14,150,000	14,150,000	14,150,000
Bond Principal & Interest	14,127,179	15,069,700	10,041,083	10,041,083
Reconstruction Trust	29,660,678	33,292,030	0	0
Reconstruction To Be Let	0	0	21,152,215	32,661,738
Department of Revenue	787,852	753,879	807,291	788,714
Department of Justice	6,913,827	9,283,571	9,725,646	9,807,252
Stores	12,442,555	12,643,971	13,602,298	13,672,810
Entity Consolidation Adjustment	5,324,531	0	0	0
Prior Year Adjustment	(696,358)	29,367	0	0
TOTAL EXPENDITURES	\$155,776,086	\$146,264,717	\$165,305,759	\$166,553,373
ENDING CASH BALANCE	\$45,286,748	\$136,008,400	\$122,902,124	\$98,783,575

GENERAL OPERATIONS PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	142.53	142.53	142.18	142.18
Personal Services	3,562,576.42	3,604,911	3,709,929	3,711,571
Operating Expenses	2,439,241.53	2,728,592	2,679,357	2,624,451
Equipment	471,771.81	388,787	300,910	128,875
Capital Outlay	2,000.00	0	0	0
Grants	14,282,777.84	300,000	282,778	282,778
Debt Service	16,914.59	8,502	16,915	16,915
Total Program Costs	\$20,775,282.19	\$7,030,792	\$6,989,889	\$6,764,590
State Special Revenue Fund	18,643,228.74	4,972,089	5,383,195	5,208,734
Federal & Other Spec Rev Fund	2,132,053.45	2,058,703	1,606,694	1,555,856
Total Funding Costs	\$20,775,282.19	\$7,030,792	\$6,989,889	\$6,764,590
Current Level Services	20,775,282.19	7,030,792	6,989,889	6,764,590
Total Service Costs	\$20,775,282.19	\$7,030,792	\$6,989,889	\$6,764,590

Program Description

The General Operations Program provides the overall administrative and support services essential to the operations of the department through the Director's Office, and the Centralized Services, Program Development, and Personnel Divisions.

Issues Addressed/Legislative Intent

The General Operations Program budget increases approximately \$208,000 per year when compared with the FY86 base. The FTE for the program decrease 0.35 FTE from the FY86 level due to absorption of the unfunded pay plan. Personal services increase approximately \$147,000 over the FY86 level, primarily due to fully funding positions that were left vacant.

Operating expenses increase approximately \$185,000 per year over the FY86 level. In addition, FY88 includes audit costs of \$61,865. Areas of increase include \$76,000 per year for additional professional services, and an additional \$164,634 per year for liability insurance. At the same time, data processing expenses will decrease approximately

\$80,000 per year as the new highway data systems are brought on line. Travel expenses increase approximately \$19,000 between FY86 and FY88, and approximately \$32,000 between FY86 and FY89. Out of state travel for administrative conferences and seminars increases \$11,000 over the biennium. The remainder of the increase is primarily due to in-state travel for federally funded programs such as planning and statistics and minority businesses.

Equipment in FY88 includes a skid trailer (\$150,000), 55 radios, (\$79,000), a system analyzer (\$16,000), and 1 oscilloscope (\$6,000). Equipment in FY89 includes 55 radios (\$79,000), a system analyzer (\$16,000), an oscilloscope (\$6,000), and 2 traffic counters (\$4,000).

Fourteen million dollars per year of grants appear in FY86 and do not appear in the recommended 1989 Biennium budget because these payments to cities and counties for planning, construction, and public transportation are statutory appropriations and therefore do not need to appear in the budget. The grants in the 1989 Biennium are expected to remain at the same level as FY86. The debt services expense reflects administrative costs for scheduled bond registrations.

CONSTRUCTION PROGRAM
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	655.40	619.65	600.60	611.00
Personal Services	16,707,703.28	16,079,216	16,712,914	16,955,797
Operating Expenses	174,969,202.89	158,577,580	127,096,549	130,754,581
Equipment	249,637.70	149,685	174,866	174,931
Total Program Costs	\$191,926,543.87	\$174,806,481	\$143,984,329	\$147,885,309
State Special Revenue Fund	71,731,976.48	68,331,138	58,742,869	61,094,015
Federal & Other Spec Rev Fund	120,194,567.39	106,475,343	85,241,460	86,791,294
Total Funding Costs	\$191,926,543.87	\$174,806,481	\$143,984,329	\$147,885,309
Current Level Services	191,926,543.87	174,806,481	143,984,329	147,885,309
Total Service Costs	\$191,926,543.87	\$174,806,481	\$143,984,329	\$147,885,309

Program Description

The Construction Program is responsible for ensuring that roads and bridges are constructed or reconstructed to appropriate design standards to accommodate the needs of state motorists. It supervises highway construction from project award through completion and approval of the project.

Issues Addressed/Legislative Intent

The legislature approved a budget for the Construction Program that reflects the fact that the interstate construction is complete, and the emphasis of the Highway Department construction efforts will shift to reconstruction and repair of the state's primary system through the reconstruction trust fund program (RTF).

The legislature approved HB136 which increased the gas and diesel tax by 3 cents per gallon. The revenue generated from this tax increase will be pledged to repay bonds that will be issued prior to July, 1987. The bond proceeds will finance the reconstruction trust fund (RTF) activities. Please refer to the Highway Department narrative for further discussion of the fuel tax increase.

With the fuel tax increase, the amount anticipated to be spent for contractor payments for highway construction will total \$119,195,577 in FY88 and \$123,424,580 in FY89.

Historical construction by type of road is shown below for FY81 through FY86.

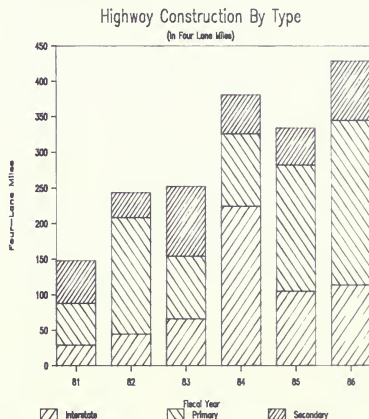


Table 2
Highway Construction By Year
(in centerline miles = 4 lane miles)

	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985	FY 1986
Inter- state	29.1	44.6	66.3	224.6	105	113.6
Pri- mary	59	164	88	101	177	231
Sec- ondary	60	35	98	55	52	84
Total	148.1	243.6	252.3	380.6	334	428.6

MAINTENANCE PROGRAM Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	662.83	662.83	642.33	642.33
Personal Services	18,564,765.42	17,797,691	18,962,443	19,030,425
Operating Expenses	22,542,003.71	20,710,325	21,629,212	21,601,602
Equipment	337,195.03	80,363	100,204	100,090
Capital Outlay	158,484.00	100,000	133,030	133,030
Total Program Costs	\$41,602,448.16	\$38,688,379	\$40,824,889	\$40,865,147
State Special Revenue Fund	41,546,501.85	38,688,379	40,613,889	40,865,147
Federal & Other Spec Rev Fund	55,946.31	0	211,000	0
Total Funding Costs	\$41,602,448.16	\$38,688,379	\$40,824,889	\$40,865,147
Current Level Services	41,546,501.85	38,688,379	40,824,889	40,865,147
Budget Amended Services	55,946.31	0	0	0
Total Service Costs	\$41,602,448.16	\$38,688,379	\$40,824,889	\$40,865,147

Program Description

The Maintenance Program is responsible for preserving and repairing all highways and their appurtenances within the right of-way of interstate, urban, primary, and state-maintained secondary highway systems in Montana. The purpose of the program is to maximize the safety of persons traveling on state highways, enhance the convenience of the public while moving about the state, and preserve the rideability of the highway system within the expected useful life of the road surfaces.

Issues Addressed/Legislative Intent

The budget approved for the Maintenance Division represents a decline from the FY86 level. The decrease is due primarily to maintaining reductions made to the budget in FY87 to absorb the 5% cut made to the budget.

The FTE level decreases by 20.5 FTE to absorb the unfunded pay plan. However, the total amount budgeted for per-

sonal services expenditures increases over the FY86 level because all positions are funded, whereas several positions were held open in FY86. Vacancy savings of 4% was applied against this budget.

Operating expenses also decline from the FY86 level representing reductions made in the budget in FY87. Weed control expenses increase from the FY86 level of \$446,857 to \$546,283 in FY88 and to \$556,555 in FY89. It is anticipated that rental of specialized equipment will decrease \$178,570 per year, and that the cost of oil-mixed materials will decrease by \$957,117 per year.

Equipment purchases will decline from the FY86 level by approximately \$237,000 per year, primarily in the area of major maintenance equipment.

Capital outlay expenditures represent anticipated land purchases for gravel sites.

PRECONSTRUCTION PROGRAM	Actual	Budgeted	Appropriated	
Budget Detail Summary	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	243.00	243.00	232.00	232.00
Personal Services	6,491,201.99	6,678,393	6,733,303	6,733,429
Operating Expenses	1,783,885.21	2,186,355	1,969,850	1,928,491
Equipment	1,132,526.50	1,650	425,458	394,500
Capital Outlay	2,080,970.86	2,758,108	5,169,600	2,255,100
Total Program Costs	\$11,488,584.56	\$11,624,506	\$14,298,211	\$11,311,520
State Special Revenue Fund	4,797,890.62	5,165,851	5,459,612	4,357,716
Federal & Other Spec Rev Fund	6,690,693.94	6,458,655	8,838,599	6,953,804
Total Funding Costs	\$11,488,584.56	\$11,624,506	\$14,298,211	\$11,311,520
Current Level Services	11,488,584.56	11,624,506	14,298,211	11,311,520
Total Service Costs	\$11,488,584.56	\$11,624,506	\$14,298,211	\$11,311,520

Program Description

The Preconstruction Program carries out the planning stages of highway development, including determining location and design, conducting any necessary public hearings, acquiring needed rights-of-way, and processing highway projects for contract award.

Issues Addressed/Legislative Intent

The Preconstruction Program FTE are reduced by 9 FTE which represents the reduction in highway construction activities. The department requested, and the legislature approved the reduction of 31 FTE from the base budget of which 15 are related to the implementation of the computer aided drafting and design system (CADD). Passage of the fuel tax increase adds 20.0 FTE to this program above the base level approved by the legislature for the increased con-

struction schedule anticipated related to the RTF program. Vacancy savings of 4% was applied against this budget.

Adjustments to operating expenses include an increase for contracted appraisers of \$50,000 for right-of-way work, legal fees increased by \$12,120, and increased training expenses of approximately \$12,500 in FY88 and \$16,500 in FY89. Travel expenses for right-of-way personnel decrease \$16,000 between FY86 and FY88, and decrease \$46,000 between FY86 and FY89, again reflecting the reduction in actual right-of-way proceedings anticipated in the 1989 Biennium.

Equipment for this program decreases substantially from the FY86 level as the CADD system was purchased in FY86. However, the approved equipment for the 1989 Biennium includes approximately \$400,000 per year for CADD upgrades.

Non-operating expenses include budgeted expenditure levels for anticipated right-of-way purchases.

HIGHWAY SERVICE REVOLVING	Actual	Budgeted	Appropriated	
Budget Detail Summary	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	68.25	73.25	67.75	67.75
Personal Services	1,847,926.24	1,862,339	1,848,143	1,848,655
Operating Expenses	1,079,867.08	1,117,522	1,021,604	1,007,774
Equipment	6,485.75	238,000	33,276	26,286
Total Program Costs	\$2,934,279.07	\$3,217,861	\$2,903,023	\$2,882,715
Proprietary Fund	2,934,279.07	3,217,861	2,903,023	2,882,715
Total Funding Costs	\$2,934,279.07	\$3,217,861	\$2,903,023	\$2,882,715
Current Level Services	2,934,279.07	3,217,861	2,903,023	2,882,715
Total Service Costs	\$2,934,279.07	\$3,217,861	\$2,903,023	\$2,882,715

Program Description

The Highway Service Revolving Program provides certain support services (such as data processing, printing, photography, airplane use and material testing) common to all divisions within the department.

Issues Addressed/Legislative Intent

The FTE in this program decrease by 5.5 FTE. Five FTE were transferred from this program to the Construction Program as requested by the department, and a .5 FTE laboratory aid was deleted due to a prolonged vacancy. Vacancy savings of 4% was applied to this program.

Adjustments to operating expenses include increased repairs to calibrate the aerial camera. Repairs will increase \$3,873 in FY88 and by \$2,000 in FY89. Total operating expenses

decrease from the FY86 level primarily due to a reduction in the cost of data processing by the Department of Administration.

STATE MOTOR POOL Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	6.00	6.00	6.00	6.00
Personal Services	132,387.03	139,644	147,684	148,107
Operating Expenses	394,441.21	238,528	212,804	217,982
Equipment	40,505.00	322,120	427,120	335,620
Total Program Costs	\$567,333.24	\$700,292	\$787,608	\$701,709
Proprietary Fund	567,333.24	700,292	787,608	701,709
Total Funding Costs	\$567,333.24	\$700,292	\$787,608	\$701,709
Current Level Services	567,333.24	700,292	787,608	701,709
Total Service Costs	\$567,333.24	\$700,292	\$787,608	\$701,709

Program Description

The State Motor Pool Program operates and maintains a fleet of rental vehicles available to all state officials and employees in the Helena area for use for official business.

Issues Addressed/Legislative Intent

The budget for the motor pool decreases from the FY86 level primarily due to lower gasoline prices. Language in HB2 allows the department to add spending authority if gasoline purchases exceed \$131,684 in FY88 or \$136,169 in FY89.

EQUIPMENT PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	120.35	120.35	119.85	119.85
Personal Services	3,280,308.05	3,249,152	3,396,551	3,409,223
Operating Expenses	6,340,097.85	4,331,451	4,505,186	4,566,262
Equipment	1,331,243.00	4,657,099	4,905,659	4,905,659
Transfers	2,910,181.61	0	1,930,659	1,705,659
Total Program Costs	\$13,861,830.51	\$12,237,702	\$14,738,055	\$14,586,803
State Special Revenue Fund	2,910,181.61	2,247,850	1,930,659	1,705,659
Proprietary Fund	10,951,648.90	9,989,852	12,807,396	12,881,144
Total Funding Costs	\$13,861,830.51	\$12,237,702	\$14,738,055	\$14,586,803
Current Level Services	13,861,830.51	12,237,702	14,738,055	14,586,803
Total Service Costs	\$13,861,830.51	\$12,237,702	\$14,738,055	\$14,586,803

Program Description

The Equipment Program is responsible for the purchase and maintenance of a fleet of equipment and vehicles for use within the Department of Highways. The primary goal is to provide replacement equipment and maintain and repair existing equipment in a cost effective manner.

Issues Addressed/Legislative Intent

The FTE level in this program declines by a .5 FTE office clerk position that was deleted due to absorbing the unfund-

ed pay plan in FY87. The department had requested that 2.0 FTE mechanics be deleted for the same reason, but the positions were restored to the base by the legislature.

Adjustments made to operating expenses include insurance increases of \$48,974 per year, and fuel price reductions reducing expenditures by \$265,840 per year. Language in HB2 allows the department to request a budget amendment if the inflation on gas or diesel is in excess of the level anticipated by the legislature. Equipment purchases approved include almost all of the major motor equipment needs for the department.

CAPITAL OUTLAY PROGRAM
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Transfers	28,109,888.87	16,563,599	0	0
Total Program Costs	\$28,109,888.87	\$16,563,599	\$0	\$0
State Special Revenue Fund	28,109,888.87	16,563,599	0	0
Total Funding Costs	\$28,109,888.87	\$16,563,599	\$0	\$0
Current Level Services	28,109,888.87	16,563,599	0	0
Total Service Costs	\$28,109,888.87	\$16,563,599	\$0	\$0

Program Description

The Capital Outlay Program constitutes the sinking fund for retirement of the department's Headquarters Building bonds.

Issues Addressed/Legislative Intent

The Capital Outlay Program is used as a sinking fund for bond payments on outstanding highway bonds. This program is also used to budget the transfer payments between

highway special revenue accounts and the reconstruction trust fund.

Because bond debt service payments are statutory appropriations the legislature did not provide any direct spending authority to this program. However, language in HB2 establishes an appropriation that will be used in this program. Language in HB2 states that "The department is appropriated \$15,023,916 in FY88 and \$26,476,461 in FY89 for a cash transfer from the highway special revenue accounts to the highway reconstruction trust account."

STORES INVENTORY
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	12,442,555.11	12,643,971	13,602,298	13,672,810
Total Program Costs	\$12,442,555.11	\$12,643,971	\$13,602,298	\$13,672,810
State Special Revenue Fund	12,442,555.11	12,643,971	13,602,298	13,672,810
Total Funding Costs	\$12,442,555.11	\$12,643,971	\$13,602,298	\$13,672,810
Current Level Services	12,442,555.11	12,643,971	13,602,298	13,672,810
Total Service Costs	\$12,442,555.11	\$12,643,971	\$13,602,298	\$13,672,810

Program Description

The Store's Inventory Program purchases and stores materials (such as sand, road oil and gasoline) needed by other programs within the department.

Issues Addressed/Legislative Intent

The Stores Program increases over the FY86 level primarily due to an anticipated increase in gasoline purchases of \$238,000 per year, reduction in the cost of road oil of \$173,000 per year, and increases in the purchases of sand totaling approximately \$850,000 per year.

G.V.W. Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	107.14	118.14	110.03	110.03
Personal Services	2,299,072.80	2,613,686	2,570,305	2,570,561
Operating Expenses	789,325.68	788,221	872,082	878,681
Equipment	116,452.37	33,560	54,920	54,120
Total Program Costs	\$3,204,850.85	\$3,435,467	\$3,497,307	\$3,503,362
State Special Revenue Fund	3,204,850.85	3,435,467	3,497,307	3,503,362
Total Funding Costs	\$3,204,850.85	\$3,435,467	\$3,497,307	\$3,503,362
Current Level Services	3,204,850.85	3,435,467	3,497,307	3,503,362
Total Service Costs	\$3,204,850.85	\$3,435,467	\$3,497,307	\$3,503,362

Program Description

The Gross Vehicle Weight Division provides enforcement of the statutes and regulations relating to vehicle weight and size on the state's highways (Title 61, MCA) and collects gross vehicle weight fees.

Issues Addressed/Legislative Intent

The FTE level in this program increases by 2.89 FTE when compared to the FY86 level. However, 5.08 FTE were reduced from the FY87 budget level to absorb the impact of the 5% reductions and the unfunded pay plan.

Operating expense adjustments include an increase in data processing costs of \$8,564 per year, and increases in utility costs for GVW weigh stations totalling \$6,049 per year. In addition, relocation expenses increase \$22,875 per year, allowances increase \$10,807 per year, and recruiting expenses increase \$2,043 per year. These increases are attributable to the addition of two new weigh stations at DeBorgia and Havre.

Equipment includes six sets of portable scales costing approximately \$44,000 per year.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	293.25	304.08	297.73	302.88
Personal Services	7,265,150.63	6,995,858	7,425,817	7,493,303
Operating Expenses	8,359,131.37	5,356,898	5,433,419	5,181,330
Equipment	687,211.47	179,220	555,553	383,912
Capital Outlay	2,556,871.82	6,943,847	5,018,000	5,048,000
Grants	265,000.00	307,000	265,000	265,000
Total Agency Costs	\$19,133,365.29	\$19,782,823	\$18,697,789	\$18,371,545
General Fund	8,678,724.68	6,529,244	6,959,942	6,834,436
State Special Revenue Fund	3,333,684.78	3,216,558	2,810,649	2,679,919
Federal & Other Spec Rev Fund	6,922,694.16	9,860,437	8,735,417	8,666,871
Proprietary Fund	198,261.67	176,584	191,781	190,319
Total Funding Costs	\$19,133,365.29	\$19,782,823	\$18,697,789	\$18,371,545
Current Level Services	19,018,938.54	19,782,823	18,697,789	18,371,545
Budget Amended Services	114,426.75	0	0	0
Total Service Costs	\$19,133,365.29	\$19,782,823	\$18,697,789	\$18,371,545

Agency Description

The Department of State Lands exists to administer the lands granted to the state for the support and benefit of the various state educational institutions and to administer Montana's reclamation laws. The department is provided for in section 2 15-3201, MCA, and its responsibilities are delineated within Title 77, MCA.

Issues Addressed/Legislative Intent

It is the intent of the legislature that all support functions be consolidated by July 1, 1988. Two FTE were reduced from the Forestry budget for FY89 for a total reduction of \$55,973. Lands is given the flexibility to choose the positions it wishes to eliminate and how restructuring will occur. The department is to report to the 51st Legislature on the fiscal savings of the consolidation.

CENTRAL MANAGEMENT PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	19.00	18.00	21.00	21.00
Personal Services	551,946.54	552,262	617,778	617,321
Operating Expenses	588,481.87	747,336	614,069	540,511
Equipment	3,341.95	16,000	0	0
Grants	265,000.00	265,000	265,000	265,000
Total Program Costs	\$1,408,770.36	\$1,580,598	\$1,496,847	\$1,422,832
General Fund	845,052.84	837,210	1,057,899	1,028,672
State Special Revenue Fund	197,083.41	379,571	157,885	114,559
Federal & Other Spec Rev Fund	168,372.44	187,233	89,282	89,282
Proprietary Fund	198,261.67	176,584	191,781	190,319
Total Funding Costs	\$1,408,770.36	\$1,580,598	\$1,496,847	\$1,422,832
Current Level Services	1,350,979.76	1,580,598	1,496,847	1,422,832
Budget Amended Services	57,790.60	0	0	0
Total Service Costs	\$1,408,770.36	\$1,580,598	\$1,496,847	\$1,422,832

Program Description

The Central Management Program staff provide necessary administrative services for the department. The staff are responsible for more than \$50 million per year in distributable and non distributable trust income. They provide accounting, data processing and personnel services to all pro-

grams in the department. The Air Operations Bureau and Trust Ownership Records is included in this program.

Issues Addressed/Legislative Intent

Total FTE increases 2.0 between FY86 and FY88. This increase is due to an attorney position which was transferred

from the Reclamation Division to Central Management in FY86. The agency requested that this position be continued into the new biennium. The position increases general fund \$28,250 per year. 1.0 FTE auditor position was also transferred into Central Management during the last biennium. \$25,000 per year is added to fund 1.0 FTE to audit oil and gas leases on state owned land.

Operating expenses increase 4.35% from FY86 to FY88. Increases include: \$62,321 in payroll costs, aircraft insurance and audit for FY88 and a \$30,600 increase for these same costs in FY89. Repair and maintenance is reduced by \$35,500 for the biennium. From FY88 to FY89 costs associated with the Trust Land Management System decrease \$16,635 because major start up costs are reflected in the FY88 budget.

\$128,972 in FY88 and \$127,472 in FY89 is appropriated for the repair and maintenance of six aircraft.

Sections 77-1-501 through 77-1-507, MCA require the state to reimburse counties in which the state owns over 6% of the land area of the county for lost property tax revenues. For the 1989 biennium, \$265,000 per year of general fund is appropriated for payment to counties.

HB 29 was adopted by the legislature thus transferring state ownership records from the Secretary of State to the Lands Department. Lands is required to maintain a repository and index of ownership and was granted rule making authority to record ownership information pertaining to fee lands owned by the state. An appropriation is not attached to this bill and it is intended that Lands work within their current level budget and that work progress in accordance with the personnel and funds available.

The Central Management Division is made up of four programs: Central Management which handles agency administration, Trust Land Management, Aviation Program and State Equalization Payments to Counties. These programs are financed by general fund, resource development funds, proprietary funds (aircraft rental) and federal indirect costs.

Between FY86 and FY88 the Central Management Programs general fund increases approximately 25%. This increase is due to: 1) the federal indirect rate allowed by the general government was decreased by 3% or approximately \$39,000 per year; 2) the elimination of the Environmental Analysis Bureau reduced indirect reimbursements by approximately \$40,000 per year; 3) aircraft insurance increased \$27,000 per year; 4) the transfer of the attorney position to Central Management; and 5) operating increases of approximately \$32,000 which is primarily due to the increase of payroll service fees.

The Trust Land Management System is reduced approximately \$39,000 from FY86 to FY88. The systems start-up remains on schedule. Revenue for the program comes from the resource development fund which receives 2.5% of the income revenue generated by state trust fund lands.

The Aviation Program funds its direct costs with proprietary funds derived from charges to users for the use of aircraft. The fixed costs such as the pilot's salary, insurance and utilities for the hanger are financed through general fund.

\$12,600 of general fund per year is appropriated to provide minimum maintenance and utilities at the former state childrens' facility at Twin Bridges. The Lands Department is obligated to oversee minimal maintenance of the buildings and it is the intent of the legislature that the Lands Department try to resell the property during the 1989 biennium.

RECLAMATION PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	41.00	42.00	35.00	35.00
Personal Services	1,048,277.59	1,083,491	994,915	994,153
Operating Expenses	2,494,876.16	1,964,916	2,146,765	2,025,226
Equipment	34,803.93	28,823	49,550	30,000
Capital Outlay	2,540,531.18	6,273,359	4,960,000	4,970,000
Total Program Costs	\$6,118,488.86	\$9,350,589	\$8,151,230	\$8,019,379
General Fund	0.00	556,704	85,057	84,177
State Special Revenue Fund	861,151.41	729,928	1,133,887	1,012,474
Federal & Other Spec Rev Fund	5,257,337.45	8,063,957	6,932,286	6,922,728
Total Funding Costs	\$6,118,488.86	\$9,350,589	\$8,151,230	\$8,019,379
Current Level Services	6,075,865.86	9,350,589	8,151,230	8,019,379
Budget Amended Services	42,623.00	0	0	0
Total Service Costs	\$6,118,488.86	\$9,350,589	\$8,151,230	\$8,019,379

Program Description

The staff of the Reclamation Division is responsible for regulating all mining-related disturbances in the state. Specifically, they administer: the Montana Strip and Underground Mine Reclamation Act; the Montana Open-Cut Mining Act; the Montana Strip and Underground Mine Siting Act; the Montana Coal Conservation Act; statutes regu-

lating hard rock mining; and the regulatory program of the Federal Surface Mining Control and Reclamation Act.

Issues Addressed/Legislative Intent

Total FTE included in the program decreases by 6.0 from FY86 to FY89. There was a reduction of 9.0 FTE when the Environmental Assessment Bureau was eliminated in FY86 because of a lack of funding. 3.0 FTE are added in the Hard

Rock Mining Bureau. The overall funding reduction to personal services is approximately 5% less than the FY86 level.

The Hard Rock Bureau is appropriated \$15,000 for each year of the biennium to fund its portion of a .50 FTE water quality liaison position with the Department of Health and Environmental Sciences. This position is not included in the DSL budget.

Operating expenses decrease 13.95% from FY86 to FY88 although there are increases in helicopter insurance, legal fees, and contractual services with DNRC for environmental impact statements. This service from DNRC is necessary because of the elimination of the EIS bureau. The funding for this service is 100% Montana Environmental Protection Agency (MEPA) funds. Reductions occur in supplies and materials, communications, rent and indirect costs.

Language included in the appropriation bill states that none of the biennial appropriation of \$100,000 to the Hard Rock Bureau can be used for research. This money is made available by 82-4-311, MCA (hard rock account).

The major portion of the operating expenses are for consulting services for the federally funded Abandoned Mine Program and for environmental impact statements. The total budget for this program is \$6,263,159 in FY88 and \$6,273,156 in FY89.

The equipment budget includes \$45,000 in FY88 for replacement of three 4x4 vehicles and \$30,000 in FY89 for the replacement of an additional two 4x4 vehicles. Also, in FY88, \$4,050 is appropriated for office and computer equipment.

Non-operating expenses (capital outlay) is federal funds for abandoned mine reclamation.

There is language in the appropriation bill which requires the department to eliminate one of the three new positions added as a modified request if the number of hard rock mining applications going into FY89 is less than the number of applications going into FY88. (The number of hard rock exploration licenses that have been issued on an annual

basis have increased from 12 in 1982 to 16 in 1983 to 18 in 1984 to 29 in 1985 and to 37 in 1986 with an additional 10 to 15 pending exploration license applications)

There are four bureaus in the Reclamation Division: 1) Hard Rock, 2) Abandoned Mine, 3) Open Cut Mining and 4) Coal and Uranium.

Funding for the division is as follows:

- 1) Administration is funded with RIT interest.
- 2) Hard Rock Mining Bureau is funded with general fund and RIT. In addition, revenue from penalties and bond foreclosures are used by the bureau to resolve unanticipated mining emergencies.
- 3) Spending authority was appropriated in FY88 and 89 to process environmental impact statements under contract with DNRC and private consulting firms. The Environmental Assessment Bureau which had performed this work was disbanded in FY86 due to a lack of funding.
- 4) The Abandoned Mine Bureau is funded totally with federal funds.
- 5) Open Cut Bureau is funded with RIT interest.
- 6) Coal and Uranium Bureau is funded with RIT interest and federal funds.

(In FY86, the Open Cut Bureau, Hardrock Bureau and 20% of the Coal Bureau was funded with general fund. The legislature chose to fund these bureaus with RIT instead of general fund for the 1989 biennium.)

One modified program in the Hard Rock Bureau is approved for the 1989 biennium. This modified enables the bureau to add three new FTE's to assist in the compliance, permit, inspection, and enforcement activities in regard to the Montana Environmental Protection Act (MEPA). The positions are financed with general fund; \$85,057 in FY88 and \$84,177 in FY89. The intent of the legislature is to enable the bureau to keep up with the forecasted increase in hard rock mining activities in Montana.

LAND ADMINISTRATION PGM Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	18.62	18.62	18.62	18.62
Personal Services	382,855.69	421,840	442,257	441,995
Operating Expenses	106,161.64	85,508	113,256	108,832
Equipment	56,939.14	10,000	16,408	16,408
Total Program Costs	\$545,956.47	\$517,348	\$571,921	\$567,235
General Fund	545,956.47	517,348	571,921	567,235
Total Funding Costs	\$545,956.47	\$517,348	\$571,921	\$567,235
Current Level Services	545,956.47	517,348	571,921	567,235
Total Service Costs	\$545,956.47	\$517,348	\$571,921	\$567,235

Program Description

The staff of the Land Administration Program are responsible for the leasing of surface and mineral resources for the benefit of common school and other endowment funds. This program covers the appraisal and reclassification of all state lands to obtain the greatest revenue for the trust funds commensurate with the preservation of the resource. This pro-

gram includes the Land Management Bureau, Surface Leasing Bureau and Mineral Leasing Bureau.

Issues Addressed/Legislative Intent

The Department of State Lands manages 5,216,176 surface acres and 6,196,634 acres of subsurface. The surface acres are divided as follows:

Forest	491,547 acres
Grazing	4,090,430 acres
Agriculture	559,954 acres

The 1985 Legislature added 3 FTE land use specialists to the budget. These positions did not work the full year in FY86 because a contingency to their hiring was the DSL raise its transactions fees and not hire the positions until the necessary funding was available. Consequently personal services for this time period are lower than a "normal" fiscal year. The 15.55% increase to personal services in FY88 reflects full funding for these positions.

As a result of 7-22-2116, MCA, the department is required to control weeds on lands that are state-owned and currently unleased. There is currently over 1400 acres of unleased land requiring weed control. The legislature appropriated

\$24,000 each year to begin a program of weed control on classified grazing and agriculture lands. This figure is based on a cost of \$30 per acre on 800 acres of infestation.

With the exception of the increases just noted, there are no other increase to the operating budget.

The equipment budget includes funding for the replacement of a 4x4 vehicle in Miles City at a cost of \$11,432 in FY88 and a 4x4 vehicle in Lewistown at a cost of \$11,432 in FY89. The division is also authorized to purchase a personal computer at a cost of \$4,976 in FY88. There is an additional \$4,976 appropriated in FY89 which was not a part of the agency requires and was not specifically added to the budget by the legislature.

General fund is the sole source of funding for this division.

RESOURCE DEVELOPMENT PGM Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	7.00	7.00	7.00	7.00
Personal Services	176,961.10	169,618	180,350	180,310
Operating Expenses	323,286.11	40,136	34,835	35,123
Equipment	428.50	0	0	0
Capital Outlay	16,340.64	670,488	58,000	78,000
Total Program Costs	\$517,016.35	\$880,242	\$273,185	\$293,433
State Special Revenue Fund	517,016.35	880,242	273,185	293,433
Total Funding Costs	\$517,016.35	\$880,242	\$273,185	\$293,433
Current Level Services	517,016.35	880,242	273,185	293,433
Total Service Costs	\$517,016.35	\$880,242	\$273,185	\$293,433

Program Description

The Resource Development Program staff are responsible for developing and improving state lands to increase revenue for the trust funds and for restoring and preserving state land resources according to the policy delineated in section 77-1-601, MCA. This program is assigned to the Lands Division.

Issues Addressed/Legislative Intent

There is no change in FTE level from FY86 to FY88 and FY89.

It is the general intent of DSL to utilize the operating expenses in this program to evaluate and develop projects on state owned land. All projects funded out of the Resource Development Program are addressed when a lessee shows an interest in developing state land in range renovations, irrigation projects, title perfection, and other inter-related work. The program experienced a downturn in projects this last biennium which generally reflects the downturn in agricultural economics.

The decrease in operating expenses for the 1989 biennium reflects the downturn in projects as well as a \$290,023 one-time special assessment which was included in the FY86 budget. This assessment was on state owned land in the Billings area. The assessment had to be paid to facilitate the opening of a new Billings school.

The program budget includes \$58,000 for capital outlay in FY88 and \$78,000 in FY89. The capital outlay projects are projects to improve state owned land. Included in these projects is: 1) replacement of a headgate structure on a water project in Gallatin County, perfecting title in an oil and gas ownership dispute in Richland County and a saline seep project in McCone County.

No equipment is requested for the 1989 biennium.

The total funding for this program is derived from a percentage of the income fund (income from land managed) not to exceed 2.5%. (The percentage to be used is determined by the Board of Land Commissioners. For the 1989 biennium, 2.5% is used.)

FORESTRY Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	207.63	218.46	216.11	221.26
Personal Services	5,105,109.71	4,768,647	5,190,517	5,259,524
Operating Expenses	4,846,325.59	2,519,002	2,524,494	2,471,638
Equipment	591,697.95	124.397	489,595	337,504
Grants	0.00	42,000	0	0
Total Program Costs	\$10,543,133.25	\$7,454,046	\$8,204,606	\$8,068,666
General Fund	7,287,715.37	4,617,982	5,245,065	5,154,352
State Special Revenue Fund	1,758,433.61	1,226,817	1,245,692	1,259,453
Federal & Other Spec Rev Fund	1,496,984.27	1,609,247	1,713,849	1,654,861
Total Funding Costs	\$10,543,133.25	\$7,454,046	\$8,204,606	\$8,068,666
Current Level Services	10,529,120.10	7,454,046	8,204,606	8,068,666
Budget Amended Services	14,013.15	0	0	0
Total Service Costs	\$10,543,133.25	\$7,454,046	\$8,204,606	\$8,068,666

Program Description

The Forestry Program is administered through the Forestry Division in Missoula. The program is designed to manage and protect Montana forests, especially those owned by the state or held in trust for the support of education. Program services include:

The Fire Management program - provides direct fire control services within forest fire districts and by contract to private landowners, and cooperative fire control agreements through which counties are assisted in meeting their fire protection responsibilities.

The Multiple-use Concept program - provides active protection of water-shed and young stands of timber, continuing inventory to support planning for improving forest land capability, and proposed consolidation of state-owned forest land into units that can be more easily managed on a sustained yield basis.

Technical Assistance - provides private forest land operations with training, demonstrations, utilization and marketing assistance in order to reduce waste, increase efficiency of logging operations and forest product businesses, and to increase benefits to local communities.

The Forest Tree Nursery - produces and distributes seedling trees and shrubs at a price that encourages such conservation practices as shelterbelts, windbreaks, forest plantings, wildlife cover, and reclamation plantings on state and private lands.

Administration of the Fire Hazard Reduction and Management Law assures that the fire hazard created by logging and other forest management operations is reduced by treatment or that additional protection is provided until the fire hazard is reduced to an acceptable level.

Insect and Disease Protection - studies are conducted and measures adopted to prevent and suppress outbreaks of forest insect pests and tree diseases. The project is carried out in cooperation with the federal government and private landowners.

Institutional Forestry program - needed forest work is performed and the work potential and skills of young men at the Swan River Youth Forest Camp are developed through training in the areas of forestry, carpentry, and automotive

mechanics. This program is a cooperative effort with the Department of Institutions.

Issues Addressed/Legislative Intent

In reviewing the Forestry budget, it is important to keep in mind that FY86 includes actual expenditures of \$3,284,844 for the fire supplemental. The expenditures by the Forestry Division when the fire supplemental are taken out equal \$7,258,312.

The Forestry personal services budget includes salaries and benefits for both permanent employees working in the forest resource programs, and for the temporary employees hired to do seasonal work in fire suppression, hazard reduction, timber stand improvement and the nursery operation. From FY86 there is an increase of 8.48 FTE in FY88 and 13.63 FTE in FY89.

If the FY86 fire supplemental is included in the FY86 base, then personal services increase 1% from FY86 to FY88 and FY89. If the fire supplemental is excluded then personal services increase 13% from FY86 to FY88 and FY89. This is due to the increase in FTE.

Excluding the FY86 fire supplemental expenditures, operating costs increased 18.9% from FY86 to FY88. Major changes between the two time periods include the following: \$40,276 increase for the assumption of Block III \$81,000 reduction in payments to the U.S. Forest Service \$20,000 reduction in contracted services \$28,000 increase in fire supplies and materials \$118,566 increase for contracted brush removal from state land

\$97,946 increase for heavy equipment rental (brush removal)
\$143,700 increase for timber stand improvement (TSI) contracted service
\$41,200 increase for heavy equipment rental for the TSI program
\$13,200 increase in rent (office space outside of Helena)
\$15,800 increase in repairs and maintenance

The difference in operating expenditures between FY88 and FY89 is a \$52,856 reduction to the U.S. Forest Service for fire protection (lower rates) and a \$12,000 increase for supplies and materials attributed to inflation.

The 1989 biennial budget for equipment includes:
 \$255,000 for vehicle replacement in regard to Block III
 \$117,950 for new vehicles for Block III
 \$134,100 for communications equipment (replacement costs)
 \$228,899 for fire suppression equipment
 \$18,500 for agricultural equipment for the greenhouse and nursery
 \$27,050 for office equipment
 \$16,600 for shop equipment
 \$29,000 for computer equipment and software

The equipment budget, as usual, includes equipment for both forestry and fire suppression work, and covers both the direct fire protection activities as well as support for the county fire program. In FY86, \$585,025 was spent on capital equipment. In deciding how to allocate the 5% budget reduction mandated in the June Special Session, DSL chose to take part of the cut out of the capital equipment budget. The Office of Budgets and Program Planning approved this with the understanding that the approximate \$275,000 biennial budget reduction establish the level of expenditure to be used as a base for future capital budget requests. This is also the intent of the legislature.

The U.S. Forest Services and the State of Montana share wildfire responsibilities in the fire districts of western Montana. In the interest of efficiency these responsibilities have been split along logical boundaries rather than ownership lines. As a result, historically the Forest Service protected approximately 1.9 million acres more state and private land than the state protected Forest Service land. Prior to 1983 the Forest Service protected this excess acreage for the amount assessed the landowner, 16 cents per acre. In October, 1982, the Forest Service notified the state that it would no longer protect the state and private acres for the assessed cost but would charge the full cost of protection; in 1982 estimated at 66 cents per acre. However, the Forest Service agreed to only charge 16 cents per acre if the state would enter into a 10-year program to equalize the acres protected. After analyzing the cost, it was shown to be cheaper for the state to assume the protection. In 1983, 1985, and again in 1987, the legislature approved the Department assuming protection on an incremental block basis. The table below shows the blocks assumed, the cost of each and the acres assumed. After Block 3 a 697,570 acre imbalance remains.

	ACRES	1st YR COSTS	2nd YR COSTS
Blk 1	355,911	\$292,404 (FY84)	\$292,201 (FY85)
Blk 2	395,115	\$197,299 (FY85)	\$182,560 (FY86)
Blk 3	413,492	\$264,520 (FY88)	\$235,656 (FY89)

The 1989 biennial budget includes \$264,520 in FY88 and \$235,656 in FY89 for the assumption of the third block for forest fire protection from the U.S. Forest Service. It is the intent of the legislature to again review this program in the

1991 biennium to evaluate costs and decide if future blocks are cost effective.

Prior to 1985 the Department of Lands sold and harvested approximately 32 million board feet per year. In 1985 the Legislature approved increasing the level of cut to 50 million board feet per year. In 1985 the increase was funded from the resource development account. For the 88-89 biennium resource development funds were not available and general fund is used.

HARVEST in BD FT	INCOME
FY82	29,290,000
FY83	34,741,000
FY84	25,656,000
FY85	28,549,000
FY86	52,800,000*
FY87	50,116,000**

* FY86 is the amount sold. Since sale contracts are for a three year period the increased harvest will be realized over that period.

** FY87 is the projected harvest. No income is projected because of the three year lag.

The 1989 biennial budget includes an increase of \$295,300 for brush removal and a \$297,500 increase for timber stand improvement on state land over the amounts expended in FY86 for those programs. The increase in the programs correspond to the increased timber sales from 34 million board feet per year to 50 MMBF. This increase to 50MMBF is supported by the legislature because of the positive impact to the state: revenue from the sales are deposited in the school trust fund and employment of forestry personnel and other inter-related economic factors.

There is an appropriation for the continuation of the expanded timber sale. In FY86 this program was funded with resource development funds. Because there was insufficient RRD funds for the 1989 biennium, the program is funded with general fund: \$236,000 in FY88 and \$237,656 in FY89.

The legislature approved increasing nursery production. Current demand for conservation and reforestation seedlings surpassed DSL's production capacity during the 1987 biennium. For the 1989 biennium an additional .70 FTE and operating costs are approved for the nursery to increase the production of seedlings for conservation plantings. The increase amounts to \$20,413 in FY88 and \$20,440 in FY89. The funding source is earmarked revenue generated by increased sales.

The legislature also approved an additional .90 FTE and operating costs are to cover the increased requests for trees and shrubs to improve wildlife habitat on private lands. This is an ongoing program through the Federal Conservation Reserve Program. Appropriated is: \$24,401 in FY88 and \$24,472 in FY89. Funding is from the Department of Fish , Wildlife and Parks which administers the Federal Conservation Reserve Program.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	116.61	114.61	126.61	126.61
Personal Services	2,842,637.93	2,945,840	3,342,772	3,350,172
Operating Expenses	1,366,206.08	1,664,674	1,062,660	1,068,549
Equipment	182,804.64	131,542	139,466	137,544
Benefits and Claims	25.00	2,300	2,000	2,000
Total Agency Costs	\$4,391,673.65	\$4,744,356	\$4,546,898	\$4,558,265
General Fund	641,095.67	580,100	746,342	747,162
State Special Revenue Fund	3,223,950.83	3,576,256	3,566,156	3,579,203
Federal & Other Spec Rev Fund	526,627.15	588,000	234,400	231,900
Total Funding Costs	\$4,391,673.65	\$4,744,356	\$4,546,898	\$4,558,265
Current Level Services	4,391,673.65	4,744,356	4,546,898	4,558,265
Total Service Costs	\$4,391,673.65	\$4,744,356	\$4,546,898	\$4,558,265

Agency Description

The Department of Livestock was established to provide state responsibility for the control and eradication of animal diseases, the prevention of the transmission of animal disease to humans, and for the protection of the livestock industry from theft and predatory animals.

The Department of Livestock is provided for in section 2-15 3101, MCA. The department is organized into four major divisions: Animal Health Division, Centralized Services Division, Brands Enforcement Division, and Diagnostic Laboratory Division.

Issues Addressed/Legislative Intent

For FY86, the actual level of FTE was 116.61. In the 1989 biennium, 126.61 FTE are funded in both years. Included in the 126.61 are 12 FTE which are appropriated through HB814. This bill enacts a new meat inspection program.

The Department of Livestock was asked by the legislative natural resources subcommittee to reduce the executive budget request by 10% of its general fund in each year of the biennium. The revised budget proposed by the department was accepted. Changes to the budget are as follows:

1: The department did not include vacancy savings in any of its program budgets.

2: Centralized Services cut its operations by \$6,012 in FY88 and \$6,172 in FY89.

3: The Diagnostic Laboratory cut the general fund by \$26,000 in FY88 and in FY89. However, this reduction is offset by a \$10,000 increase in authority for fee revenue; with the stipulation that fees increase only for non-livestock animals.

4: The Milk and Egg Program transferred .50 FTE to the Inspection and Control Program. The agency also reduced operating expenses for a total general fund reduction of \$5,246 in FY88 and \$5,228 in FY89.

5: The Rabies Program reduced its operational budget by \$22,500 in each year of the biennium. This is a general fund reduction.

The total general fund cut proposed by the Department of Livestock was \$67,512 in FY88 and \$67,672 in FY89. However, due to the non-usage of vacancy savings as well as the increased other fund spending authority in the Diagnostic Laboratory, the actual reduction to general fund is \$34,159 in FY88 and \$48,276 in FY89. Programs which actually increased overall spending levels from the executive budget are Centralized Services, Diagnostic Laboratory, Disease Control, Inspection and Control and Predatory Animal. Consequently, the only program not affected was Beef and Pork and the only reduction was in the Milk and Egg Program.

DEPARTMENT OF LIVESTOCK

CENTRALIZED SERVICES PROGRAM
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	8.00	8.00	8.00	8.00
Personal Services	259,564.63	261,587	272,815	273,000
Operating Expenses	135,997.37	124,366	140,078	126,370
Equipment	449.00	12,974	5,750	0
Total Program Costs	\$396,011.00	\$398,927	\$418,643	\$399,370
General Fund	57,427.00	58,958	57,659	54,659
State Special Revenue Fund	338,584.00	339,969	360,984	344,711
Total Funding Costs	\$396,011.00	\$398,927	\$418,643	\$399,370
Current Level Services	396,011.00	398,927	418,643	399,370
Total Service Costs	\$396,011.00	\$398,927	\$418,643	\$399,370

Program Description

The Centralized Services Division staff are responsible for the accounting, budgeting, payroll, personnel, legal services, purchasing, administrative, data processing and general services functions for the Department of Livestock.

Issues Addressed/Legislative Intent

The number of FTE in the Central Services Division does not change in the 1989 biennium from FY86. By legislative decision, vacancy savings is not taken from this program, thus \$10,661 is added to the FY88 budget and \$10,668 is added to the FY89 budget. (The base used for the additions was the executive budget as submitted to the legislature.)

There is a three percent increase to operating costs in compar in FY88 to FY86. The increases to the budget are in the following areas: continuation of a \$1,500 per year contract for a study of the disease Chalkbrood in leafcutter bees, a \$1,100 increase in FY88 and a \$1,500 increase in FY89 for computer maintenance, \$1,300 in FY89 for

increased computer costs, and a \$1,300 increase for audit costs. (Total audit costs for the biennium is \$17,271) Rent increases \$1,000 in FY88 and \$4,000 in FY89.

Some operating costs are reduced in the 1989 biennium from the 1987 biennium level. Included in these reductions are: \$1,000 in supplies and materials each year, a \$3,000 per year reduction in communications, and \$2,014 in FY88 and \$2,184 in FY89 for travel.

The legislature approved an equipment budget containing \$1,050 for office equipment and \$4,700 for computer equipment.

Funding for this program is from general fund and by the assessment in livestock based on taxable value. In the 1987 biennium, the legislature had agreed upon a funding formula of 15% general fund and 85% state special revenues to finance central services. This ratio changed during the 1989 biennium session, when the level of general fund was reduced to approximately 14%.

DIAGNOSTIC LABORATORY PROGRAM
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	18.00	18.00	18.00	18.00
Personal Services	479,341.31	473,269	499,968	501,214
Operating Expenses	167,905.24	173,730	163,477	171,272
Equipment	84,929.54	0	8,290	11,200
Total Program Costs	\$732,176.09	\$646,999	\$671,735	\$683,686
General Fund	311,734.09	306,533	300,222	305,330
State Special Revenue Fund	420,442.00	340,466	371,513	378,356
Total Funding Costs	\$732,176.09	\$646,999	\$671,735	\$683,686
Current Level Services	732,176.09	646,999	671,735	683,686
Total Service Costs	\$732,176.09	\$646,999	\$671,735	\$683,686

Program Description

The Diagnostic Laboratory Program's functions are to provide laboratory support for the Disease Control and Milk and Egg Bureaus; provide laboratory diagnostic support to

veterinarians and livestock producers; protect the public health by testing dairy products and performing diagnostic tests on suspected rabies cases and other zoonotic diseases; and provide test services to enhance the marketability of

livestock. Testing on wildlife and small animals is performed upon request.

Issues Addressed/Legislative Intent

There is no vacancy savings taken in this program; thus an additional \$19,988 was added to FY88 and an additional \$19,773 is added to FY89. (Base used for the increases was the executive budget proposed to the legislature.)

In FY86 a laboratory supervisor position was eliminated from the appropriated level and this reduction is carried into the 1989 biennium. No other changes are made to the FTE biennial appropriation.

Operating expenses decrease 2.70% in FY88 from actual FY86. However, there is a 2% increase from FY86 to FY89. Increases include: 1) \$1,500 per year data communication

line; 2) \$1,000 in FY88 and \$350 in FY89 for travel; 3) \$2,095 per year for computer maintenance; 4) \$2,050 in FY88 and \$4,150 in FY89 for utilities; and 5) \$6,000 in FY88 and \$10,000 in FY89 for laboratory expenses.

Equipment for the 1989 biennium includes \$1,490 for an embedding oven, \$600 for a liquid nitrogen storage container, \$12,400 for personal computers and software; and \$5,000 for a carbon dioxide incubator.

This program is financed with approximately a 50/50 split between the general fund and animal health funds. To compensate for the overall agency general fund reduction, the department requested that \$10,000 of the general fund cut be restored with animal health funds. This request was approved with the contingency that the fee increases only be applied to non-livestock animals.

DISEASE CONTROL PROGRAM Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	13.30	12.30	12.30	12.30
Personal Services	373,565.98	373,703	390,322	390,820
Operating Expenses	74,615.65	136,547	75,886	76,847
Equipment	3,500.69	20,826	24,660	22,064
Benefits and Claims	25.00	2,300	2,000	2,000
Total Program Costs	\$451,707.32	\$533,376	\$492,868	\$491,731
State Special Revenue Fund	451,707.32	533,376	492,868	491,731
Total Funding Costs	\$451,707.32	\$533,376	\$492,868	\$491,731
Current Level Services	451,707.32	533,376	492,868	491,731
Total Service Costs	\$451,707.32	\$533,376	\$492,868	\$491,731

Program Description

The Disease Control Program's functions are to: provide for the diagnosis, prevention, control, and eradication of animal diseases and disorders; maintain a disease surveillance system; provide education and information on animal diseases and disorders to the livestock industry, the veterinary profession, and the public at large; conduct applied research into the causes, transmissibility and control of animal disease and disorders; enforce sanitary standards and inspect animals at livestock auction markets; monitor and enforce import-export requirements applied to livestock; and assist the Department of Health and Environmental Sciences in the control of animal diseases transmissible to man. The program is part of the Animal Health Division.

Issues Addressed/Legislative Intent

No vacancy savings is applied to this program which increases the executive budget by \$15,673 in FY88 and

\$15,633 in FY89, and is the reason for the increase to personal services.

The department had eliminated 1.0 FTE word processor operator in FY87 and this reduction was carried into the 1989 biennium.

The increase to equipment is for the replacement of four vehicles during the biennium. These vehicles are used for field veterinary usage. The program is also authorized to purchase one personal computer.

Non-operating expenses (Benefits and Claims) are brucellosis indemnity payments for ranchers whose cattle have brucellosis and must be destroyed.

Funding for this program is derived through the assessment on livestock based on taxable value. There is approximately a nine percent increase in funding from the 1986 level. This change is a reflection of the livestock market which is projected to improve somewhat from the 1986 level.

MILK & EGG PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	6.70	6.70	6.20	6.20
Personal Services	184,827.54	189,159	183,261	183,719
Operating Expenses	23,816.04	28,996	22,678	22,879
Equipment	13,302.00	14,454	18,009	18,562
Total Program Costs	\$221,945.58	\$232,609	\$223,948	\$225,160
General Fund	203,945.58	214,609	203,948	205,160
Federal & Other Spec Rev Fund	18,000.00	18,000	20,000	20,000
Total Funding Costs	\$221,945.58	\$232,609	\$223,948	\$225,160
Current Level Services	221,945.58	232,609	223,948	225,160
Total Service Costs	\$221,945.58	\$232,609	\$223,948	\$225,160

Program Description

The Milk and Egg Program's function is to insure that eggs, milk and milk products sold or manufactured in Montana are fit for human consumption. This function is accomplished through licensing, sampling, laboratory testing, and product and site inspecting done in cooperation with other state and federal agencies. The program supervises the enforcement of state and federal law. It is operated by the Animal Health Division.

Issues Addressed/Legislative Intent

A .5 FTE clerical position, and \$10,000 in funding, is transferred from the Milk and Egg Program to the Inspection and

Control Program; thus there are 6.20 FTE appropriated to this program in each year of the biennium. Vacancy savings is not taken from the budget which increases the appropriation \$7,754 in FY88 and \$7,680 in FY89.

Operating costs are reduced by \$1,138 in FY88 from the FY86 level. The most significant reduction occurs in the travel budget, with small adjustments in contracted services, supplies and materials.

The program is appropriated funding to replace two vehicles in each year of the biennium.

The federal government is contributing \$20,000 each year for inspecting poultry products used in school lunches and for the egg shell surveillance program.

INSPECTION & CONTROL PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	68.61	68.61	69.11	69.11
Personal Services	1,506,565.27	1,603,850	1,733,964	1,738,252
Operating Expenses	230,097.94	241,584	257,794	265,148
Equipment	75,932.00	77,088	66,257	74,718
Total Program Costs	\$1,812,595.21	\$1,922,522	\$2,058,015	\$2,078,118
State Special Revenue Fund	1,812,595.21	1,922,522	2,058,015	2,078,118
Total Funding Costs	\$1,812,595.21	\$1,922,522	\$2,058,015	\$2,078,118
Current Level Services	1,812,595.21	1,922,522	2,058,015	2,078,118
Total Service Costs	\$1,812,595.21	\$1,922,522	\$2,058,015	\$2,078,118

Program Description

The Inspection and Control Program is part of the Brands Enforcement Division and its staff are responsible for theft investigations, stray livestock investigations, brand inspections, recording of livestock brands, filing of livestock security interests, dealer licensing, and hide and beef inspection.

Issues Addressed/Legislative Intent

No vacancy savings was taken from this program and as such the budget was increased by \$68,935 in FY88 and \$69,107 in FY89.

5.90 FTE positions were left vacant in FY86 due to the poor livestock market. These positions remain vacant, but are funded in the 1989 biennium and will be filled if there is an upturn in the market. The increase of .50 FTE clerical position reflects the transfer of that position from the Milk and Egg Program.

Operating costs increase approximately 12% in FY88 from the FY86 level. This increase is primarily due to upgrading

the programs computer system. An additional \$8,012 is added for computer processing, \$9,735 in FY88 and \$14,937 in FY89 is appropriated to connect personal computers statewide via communication lines and to connect a terminal in Helena with the Department of Administration's mainframe. The program is budgeted \$59,357 in FY88 for the purchase of five ½ ton pickup trucks and one automobile. Six ½ ton

pickup trucks are budgeted to be purchased in FY89. Also, a total of six computer terminals are authorized for purchase during the biennium.

The overall increase to this program's budget from FY86 to the FY88 level is 13.5%. The program is funded entirely by the per head tax on livestock which is anticipated to improve over the 1989 biennium.

BEEF/PORK RESEARCH & MARKETING				
Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Personal Services	50.00	150	0	0
Operating Expenses	508,577.15	569,850	75,000	75,000
Total Program Costs	\$508,627.15	\$570,000	\$75,000	\$75,000
Federal & Other Spec Rev Fund	508,627.15	570,000	75,000	75,000
Total Funding Costs	\$508,627.15	\$570,000	\$75,000	\$75,000
Current Level Services	508,627.15	570,000	75,000	75,000
Total Service Costs	\$508,627.15	\$570,000	\$75,000	\$75,000

Program Description

The Beef and Pork Research and Marketing Program's functions are to promote effective research into the production and marketing of beef and pork through collection and distribution of funds. Funds derived from a per-head assessment on swine sold are distributed to the Pork Research and Marketing Committee and the National Pork Council. Funds derived from a per-head tax on cattle owned is allocated to the Montana Beef Council for distribution to state and national organizations. The Montana Pork Research and Marketing Committee is provided for in section

2-15-3103, MCA, and is attached to the Department of Livestock for administrative purposes.

Issues Addressed/Legislative Intent

In FY86 the Department of Livestock collected the .25 cents per head tax on cattle and forwarded the funds to the state and national beef organization. In FY87 the beef collections were converted to a fiduciary fund. As such, funds do not appear in the appropriations bill because the state is only collecting and forwarding the revenue. No appropriation is necessary.

The \$75,000 per year appropriated in this program is for the pork research and marketing program.

PREDATORY ANIMAL CONTROL PGM				
Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	2.00	1.00	1.00	1.00
Personal Services	38,623.20	44,122	42,142	42,367
Operating Expenses	142,307.69	206,874	215,634	218,920
Equipment	4,691.41	6,200	10,000	10,000
Total Program Costs	\$185,622.30	\$257,196	\$267,776	\$271,287
State Special Revenue Fund	185,622.30	257,196	267,776	271,287
Total Funding Costs	\$185,622.30	\$257,196	\$267,776	\$271,287
Current Level Services	185,622.30	257,196	267,776	271,287
Total Service Costs	\$185,622.30	\$257,196	\$267,776	\$271,287

Program Description

The Control Program offers protection to livestock producers by controlling certain types of predators that kill or

injure domestic livestock. The program is also designed to alleviate problems caused by species that may endanger human health or safety, particularly the coyote, which can

carry bubonic plague. The program is operated by the Brands Enforcement Division.

Issues Addressed/Legislative Intent

Vacancy savings was not taken from this budget which resulted in an increase of \$1,686 in FY88 and \$1,695 in FY89.

In FY86, the decision was made to change the methodology used to carry out the goals and objectives of this program. Three Bell 47 helicopters were sold and replaced with one Hughes 500D helicopter. This helicopter is faster and requires less maintenance than the helicopters previously used. The decision was also made to contract for predator control in the eastern portion of the state. The intent of these two changes is designed to increase efficiency and decrease costs.

This programs has 1.0 FTE; this is a 1.0 FTE reduction from FY86.

This program will be relying more heavily on contracted services to provide predator control. Thus, the budget includes an increase of \$31,301 of state special revenue per year for contracted services, making the total available in each year \$100,000. The one helicopter maintained by the department will be in need of substantial maintenance which is reflected in the \$32,563 in FY88 and \$37,563 in FY89 appropriated for this purpose. Helicopter fuel costs increase \$4,100 per year, insurance increases \$3,100 per year, and travel increases \$1,650 per year.

\$10,000 per year was added for additional predator control equipment.

Funding for this program is from assessments on livestock and a \$75,000 per year grant from the Department of Fish Wildlife and Parks.

RABIES CONTROL Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Personal Services	100.00	0	0	0
Operating Expenses	82,889.00	182,727	60,113	60,113
Total Program Costs	\$82,989.00	\$182,727	\$60,113	\$60,113
General Fund	67,989.00	0	45,113	45,113
State Special Revenue Fund	15,000.00	182,727	15,000	15,000
Total Funding Costs	\$82,989.00	\$182,727	\$60,113	\$60,113
Current Level Services	82,989.00	182,727	60,113	60,113
Total Service Costs	\$82,989.00	\$182,727	\$60,113	\$60,113

Program Description

The Rabies Control Program was designed to prevent exposure of domestic animals and humans from rabid skunks. The program is part of the Animal Health Division.

Issues Addressed/Legislative Intent

There are no FTE assigned to this program.

The executive budget had proposed to maintain this program at approximately the FY86 level. However, the general fund portion of the budget was reduced by \$22,500 in each year of the 1989 biennium leaving a total operating budget of \$60,113 for each fiscal year.

The program is funded by general fund and a \$15,000 per year grant from the Department of Fish, Wildlife, and Parks.

MEAT INSPECTION PROGRAM Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	12.00	12.00
Personal Services	0.00	0	220,300	220,800
Operating Expenses	0.00	0	52,000	52,000
Equipment	0.00	0	6,500	1,000
Total Program Costs	\$0.00	\$0	\$278,800	\$273,800
General Fund	0.00	0	139,400	136,900
Federal & Other Spec Rev Fund	0.00	0	139,400	136,900
Total Funding Costs	\$0.00	\$0	\$278,800	\$273,800
Current Level Services	0.00	0	278,800	273,800
Total Service Costs	\$0.00	\$0	\$278,800	\$273,800

Program Description

The Montana Meat and Poultry Inspection Act of 1987 (House Bill 814) provides the authority for a program of the same name whose function it is to implement and enforce a State Meat Inspection Program "equal to" the inspection system maintained by the U.S. Department of Agriculture, Food Safety Inspection Service. The goal of this program is provided for in the Wholesome Meat Act adopted by the U.S. Congress in 1967. It is intended that this program will provide a State certified supply of wholesome meat products for retail consumption by Montana producers. The program will be developed in cooperation with the U.S. Department of Agriculture and Food Safety Inspection Service and administrative rules promulgated by the Department of Livestock will conform in all respects to requirements of the

Federal Meat Inspection Act and Poultry Products Inspection Act.

Issues Addressed/Legislative Intent

Twelve FTE are appropriated for both years of the biennium.

\$52,000 is appropriated in each year of the biennium for operating expenses. Of this total, \$25,000 is allocated each year for travel and \$13,500 in each year of the biennium is appropriated for contracted services.

The equipment budget includes \$6,500 in FY88 and \$1,000 in FY89.

Funding for the program is one half general fund and a matching amount of federal funds.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	273.22	252.67	238.20	244.20
Personal Services	6,507,248.25	6,258,007	6,505,733	6,426,688
Operating Expenses	2,869,898.80	3,610,414	7,586,220	3,528,787
Equipment	196,424.79	49,767	94,272	137,341
Capital Outlay	66,195.02	0	4,840,000	0
Local Assistance	98,646.20	95,000	95,000	95,000
Grants	2,772,683.79	945,759	8,288,159	449,850
Benefits and Claims	29,425.13	0	0	0
Transfers	2,289,727.93	0	2,319,356	28,314
Debt Service	11,186,144.31	8,500	40,290	40,484
Total Agency Costs	\$26,016,394.22	\$10,967,447	\$29,769,030	\$10,706,464
General Fund	4,416,053.26	4,059,452	3,815,935	3,845,998
State Special Revenue Fund	20,378,956.57	5,706,641	12,125,608	5,563,174
Federal & Other Spec Rev Fund	1,221,384.39	1,201,354	13,827,487	1,297,292
Total Funding Costs	\$26,016,394.22	\$10,967,447	\$29,769,030	\$10,706,464
Current Level Services	25,940,398.87	10,967,447	29,769,030	10,706,464
Budget Amended Services	75,995.35	0	0	0
Total Service Costs	\$26,016,394.22	\$10,967,447	\$29,769,030	\$10,706,464

Agency Description

Through execution of the statutory responsibilities concerning Montana's land, water, and energy resources, the Department of Natural Resources and Conservation (DNRC) assists in maintaining and enhancing the quality of life in the state. Resources are managed and their development assisted to answer human needs and achieve economic well-being. Safeguards are provided so that development activities do not unduly jeopardize the human or natural environment, unavoidable effects are mitigated, and the resource needs of future generations can be met. The department is provided for in section 2-15-3301, MCA.

Issues Addressed/Legislative Intent

There is a reduction of 20.09 FTE in the Water Resources Division. .50 FTE is reduced in Centralized Services, 2.0

FTE are reduced from both the Oil and Gas Division and the Energy Division.

The agency is assessed a 4% vacancy savings in both years of the 1989 biennium.

Non-operating costs are approximately 268% higher in FY88 as compared to FY86. This increase is do a federal fund appropriation of \$4,040,000 in FY88 for the Middle Creek Dam Project.

Debt service for FY86 shows actual costs incurred. For FY88 and FY89, actual costs for debt service will not show until incurred. The \$40,290 in FY88 is an appropriation in the oil and gas division of \$3,170 for a lease-purchase agreement, and \$37,120 in the water division for a loan repayment to (FERC) Federal Energy Regulation Commission and Cooney Dam. \$40,484 is appropriated in FY89 for the same purposes.

CENTRALIZED SERVICES Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	42.50	43.00	41.00	42.00
Personal Services	1,123,391.72	1,134,523	1,133,859	1,178,879
Operating Expenses	466,586.78	330,812	522,767	413,833
Equipment	35,474.58	3,097	3,975	2,275
Total Program Costs	\$1,625,453.08	\$1,468,432	\$1,660,601	\$1,594,987
General Fund	1,117,902.48	996,934	1,012,620	1,013,227
State Special Revenue Fund	337,840.53	281,667	350,859	350,717
Federal & Other Spec Rev Fund	169,710.07	189,831	297,122	231,043
Total Funding Costs	\$1,625,453.08	\$1,468,432	\$1,660,601	\$1,594,987
Current Level Services	1,625,453.08	1,468,432	1,660,601	1,594,987
Total Service Costs	\$1,625,453.08	\$1,468,432	\$1,660,601	\$1,594,987

Program Description

The staff of the Centralized Services Program perform managerial and administrative support services essential to the effective operation of all DNRC divisions. Areas of responsibility include budgeting and accounting, payroll preparation, purchasing, systems analysis and data processing, inventory, legal counsel, personnel, research center, public information and involvement, and technical writing, editing and cartography.

Issues Addressed/Legislative Intent

There is .50 FTE reduction in Centralized Services from FY86 to FY89. This is the net result of the deletion of 1.50 FTE technical writers and 1.0 FTE draftsman position, an attorney position transferred from the Water Resources Division, and an accounting position added through a modification request approved by the legislature.

In FY87 the department entered into a two year contract with the Bureau of Land Management to provide a federal employee who has assumed the duties of the department's deputy director. The federal government pays 90% of the salary of the employee. As a result, the deputy director's position has been deleted in FY88 but is included in the FY89 budget.

The only substantial increases to the operating budget are seen in areas mandated by other agencies: a \$10,000 increase in audit costs in FY88 only, \$11,200 increase for non-general fund payroll costs, \$16,000 increase for grounds maintenance (service of FWPD). Reductions occur in the following areas: \$5,900 per year reduction for janitorial costs, \$46,400 decrease in rent, \$12,200 utility reduction, and a \$17,300 reduction in moving costs.

The equipment budget in FY86 included approximately \$30,000 for computer related equipment. The total equipment budget for the 1989 biennium is \$6,250.

The funding of the Centralized Services Program has evolved from being funded almost entirely from the general fund to being funded by the various sources of funding found throughout the department. The major issue that continues to surface concerns what proportion of non-general funds should be allocated to Centralized Services and how much general fund should support the program. The first attempt to allocate non-general funds was made in the 82-83 biennium. No set procedure was used in assessing the alloca-

tions; rather, it was a case of "what the fund could afford" and not all funds were considered. During the last two bienniums the department has attempted to allocate the non-general funds in the following manner: Generally, a 5% rate was applied to the administrative costs of the programs that did not have grant or loan activity. A 10% rate was applied to the administrative costs of programs with grant or loan activity. This methodology was generally accepted by the 50th Legislature. (The usage of \$78,650 RIT funds rather than general fund and the usage of oil overcharge funds: \$73,160 in FY88 and \$88,789 in FY89 are changes to the executive funding request.)

The department did commit to a review of funding allocations by source, as well as the methods for arriving at equitable allocations. Methods of allocating non-general fund sources for the Centralized Services Program will be studied by the department and presented with the 1991 biennium budget request.

The legislature chose to use \$78,650 of RIT funds in each year of the biennium rather than using general fund. Oil overcharge funds: \$73,160 in FY88 and \$88,789 in FY89 were used to replace general fund.

Centralized Services Funding

Funding Source	FY88	FY89
Rangeland	\$ 13,014	\$ 13,010
Major Facility Siting	20,000	20,000
Water Rights	3,750	3,750
Grazing Fees	500	500
Conservation District	11,257	11,254
Alternative Energy	26,161	26,085
Oil and Gas	70,000	70,000
Renewable Resource Dev.	8,584	8,565
Federal Indirect	142,257	142,254
Water Development	116,889	116,868
RIT Interest	80,704	80,685
Oil Overcharge	154,865	88,789
General Fund	1,012,620	1,013,227
TOTAL	\$1,660,601	\$1,594,987

Modifications Approved:

Loans and Grants Auditor - 1.0 FTE and the necessary funding: \$24,786 in FY88 and \$24,550 in FY89 are included in the 1989 biennial budget. Position duties will

include regular audits of all department loans and grants and all accounting functions in relation to water develop-

ment bond sales. Funding for the position is from a variety of non-general fund sources.

OIL & GAS REGULATION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	24.00	22.00	22.00	26.00
Personal Services	574,510.55	568,885	568,073	670,422
Operating Expenses	208,099.05	265,261	286,801	346,575
Equipment	33,917.45	28,700	10,434	78,992
Debt Service	1,954.11	0	3,170	2,905
Total Program Costs	\$818,481.16	\$862,846	\$868,478	\$1,098,894
State Special Revenue Fund	818,481.16	862,846	868,478	1,098,894
Total Funding Costs	\$818,481.16	\$862,846	\$868,478	\$1,098,894
Current Well Services	818,481.16	862,846	868,478	1,098,894
Total Service Costs	\$818,481.16	\$862,846	\$868,478	\$1,098,894

Program Description

The function of the Oil and Gas Conservation Division is to administer Montana oil and gas laws to promote conservation and prevent wasteful practices in the recovery of these resources. Exploration and drilling are regulated through permits, well classifications, inspections and investigations. Well spacing units, secondary recovery programs and pooling orders are established and engineering and geologic studies are conducted.

Well information, including logs, completion data, test data and production records, is collected and filed for public and industry research. Well data and production information are also entered into an oil and gas database and statistical reports are compiled and published.

Issues Addressed/Legislative Intent

2.0 FTE field inspector positions were eliminated in FY87 as part of the division's five percent reduction. These positions are not included in the 1989 biennial budget.

In accordance with 2-15-124 MCA, the budget includes compensation for board members. The rate used is \$50 per day for seven board members, 18 days per year. The total appropriation for this purpose is \$6,300, thus assuming full participation at all meetings.

Included in the budget is a \$5,000 biennial appropriation for possible Montana Environmental Protection Act litigation, \$20,000 biennial appropriation for microfilming and \$10,000 a year in RIT funds for possible plugging and reclamation of abandoned well sites per provisions of 82-10-402, MCA.

Legislation is passed establishing an appropriation of \$143,800 to conduct a programmatic review of environmental impacts of oil and gas drilling and production in Montana during the 1989 biennium. To ensure that the issuance of

drilling permits will not be delayed or curtailed during the programmatic review, legislation provides an exemption of oil and gas drilling permits from MEPA until the review is completed and adopted by the board, pursuant to public hearings under the Montana Administrative Procedures Act, but no later than June 30, 1989.

In FY89, \$24,400 is appropriated for the purchase of two 4x4 pickups. These vehicles will replace trucks assigned to inspectors in Glendive and Shelby.

Non-operating costs of \$3,170 in FY88 and \$2,905 in FY89 is for the continuation of a lease-purchase agreement for a copier.

HB795 revises the oil and gas conservation laws to incorporate regulation of class II injection wells as defined by the federal Environmental Protection Agency. The intent of the legislation is for the Montana Board of Oil and Gas Conservation to adopt rules necessary to establish an enforceable program meeting the requirements of the Environmental Protection Agency and ensuring compliance with state water quality laws. To enable the division to administer this law, there is included in the bill an appropriation in FY89 for 4.0 FTE positions: 1.0 professional position, 2.0 field inspectors and 1.0 secretary. Total funding included in HB795 is \$45,000 in FY88 for operating expenses for negotiations with the EPA for state primacy. The FY89 appropriation includes: \$102,600 for personal services, \$130,400 for operating costs and \$47,000 for equipment. Costs are based on a full, self-supported program. Funding comes from an injection well user fee. It is assumed that the transfer will be completed and the board will be administering the program by July 1, 1988.

The program is funded by oil and gas privilege and license tax and drilling permit fees. The only exception to this is the \$10,000 per year of RIT interest for the plugging and reclamation of abandoned well sites.

CONSERVATION DISTRICTS Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	5.20	5.20	5.20	5.20
Personal Services	138,316.84	137,995	146,520	146,353
Operating Expenses	115,529.99	378,371	118,065	118,777
Equipment	1,079.99	250	200	1,156
Local Assistance	98,646.20	95,000	95,000	95,000
Grants	296,928.37	220,000	821,250	291,250
Total Program Costs	\$650,501.39	\$831,616	\$1,181,035	\$652,536
General Fund	0.00	340,923	0	0
State Special Revenue Fund	648,360.44	487,990	678,332	649,833
Federal & Other Spec Rev Fund	2,140.95	2,703	502,703	2,703
Total Funding Costs	\$650,501.39	\$831,616	\$1,181,035	\$652,536
Current Level Services	650,501.39	831,616	1,181,035	652,536
Total Service Costs	\$650,501.39	\$831,616	\$1,181,035	\$652,536

Program Description

The Conservation Districts Division staff supervise the administration of soil and water conservation districts. The division staff perform eight major functions:

Conservation Districts Supervision - provides supervision, assistance, and coordination to local conservation districts in their efforts toward proper development and management of land, water and other resources.

The 208 Sediment Control Project - assists districts in complying with federal water-quality objectives, emphasizing a district level water quality program.

The Rangeland Resource Project - established under the Montana Rangeland Resource Act by the 1977 Legislature, improves rangeland management and coordinates federal, state, and local range-management efforts.

The Watershed Planning Project - reviews small watershed projects with assistance and partial funding by the Soil Conservation Service of the U.S. Department of Agriculture under Public Law 566.

The Cooperative State Grazing Districts - assists and advises the state grazing districts regarding the conservation, protection, and restoration of grass, forage, and range resources.

Resources Conservation Planning - provides an appraisal of soil, water, and related resources every five years and of corresponding plans at conservation district, state, and national levels.

The Rangeland Improvement Loan Program - provides low interest loans to private landowners for rangeland improvement and development projects.

The Conservation District Grant Program (223) provides grants to conservation districts for a variety of conservation-related projects including planning, feasibility studies, and many applied conservation practices.

Administrative Grants - provides grant funds to conservation districts for district administration and operation.

Riparian Management Program - provides grant funds to conservation district for demonstration projects showing non-typical streambank and riparian area protection measures.

Conservation Tillage Information Program - assists in establishment of conservation tillage committees and provides tillage information to individuals.

Conservation Reserve Program - assists the conservation review group and conservation districts in establishing statewide policy and implementing the reserve program portion of the Federal Farm Program.

Issues Addressed/Legislative Intent

There is no change in the FTE level of 5.2 from FY86 to FY88. Because of the small size of this program, the legislature did not apply vacancy savings to this program thus adding \$11,594 to the biennial budget.

The operating budget approved by the legislature is essentially the same budget as proposed by the executive.

One-half of one percent of the coal severance tax is allocated for conservation projects. Each year of the biennium, \$220,000 is appropriated for conservation district grants. Ten percent of the renewable resource development funds are allocated to conservation districts for development of water reservations. Each year of the biennium, \$95,000 is appropriated for local assistance grants (conservation district administrative grants). In FY89, \$900 is budgeted for the application fees for RRD and water development grants, thus assuming six applications at \$150 each. The grazing district fees included for administration equal \$6,000 per year.

The division receives \$65,600 of RRD funds each year of the biennium; \$63,500 is appropriated for the Watershed Program and \$2,100 is appropriated for administration.

Saline seep is budgeted \$71,250 of RIT funds in both FY88 and FY89.

The legislature increased the proposed executive budget by \$30,000 for the biennium for the spending authority related to a 1987 biennium grant from RIT interest funds. The grant will be used for reclamation of streambank damaged by placer mining. Funding for this project is line itemed.

The following table highlights funding for the 1989 biennium budget.

DEPT NAT RESOURCE/CONSERVATION

Funding For The Conservation District Division

Program	Funding Source	FY88	FY89
Administration	RIT,RRD,Fed,Graz.Con.	\$201,285	\$202,786
Watershed Plan.	RRD	63,500	63,500
Conser. Dist. Sub.	RIT	95,000	95,000
Saline Seep	RIT	71,250	71,250
RIT Grant	RIT	30,000	0
Conser. Dist. Grant Coal Tax		220,000	220,000
HB 621		500,000	
TOTAL		\$1,181,035	\$652,536

Legislative Intent:

The division administers a low interest rangeland improvement loan program. To date fifty-two loans have been made. The legislature approved the continuation of the loan program and language allowing the division to make up to \$500,000 worth of loans during the biennium.

\$220,000 for each year of the biennium is included for conservation district grants. Language allows the division to distribute additional grant funds that may be received by diversion of unexpended grant funds.

HB 621, appropriates \$500,000 to conservation districts for projects that promote energy conservation in agriculture.

WATER RESOURCES & PLANNING
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	148.09	144.47	127.00	128.00
Personal Services	3,545,534.24	3,460,549	3,387,388	3,361,002
Operating Expenses	1,367,880.42	1,103,544	2,446,337	1,169,851
Equipment	103,616.72	14,470	71,759	44,913
Capital Outlay	26,024.86	0	4,840,000	0
Grants	1,504,444.36	0	4,617,347	0
Benefits and Claims	29,425.13	0	0	0
Transfers	2,289,727.93	0	28,314	28,314
Debt Service	11,184,190.20	8,500	-37,120	37,579
Total Program Costs	\$20,050,843.86	\$4,587,063	\$15,428,265	\$4,641,659
General Fund	2,900,724.08	2,277,125	2,365,163	2,381,653
State Special Revenue Fund	17,112,563.45	2,267,138	8,953,427	2,190,331
Federal & Other Spec Rev Fund	37,556.33	42,800	4,109,675	69,675
Total Funding Costs	\$20,050,843.86	\$4,587,063	\$15,428,265	\$4,641,659
Current Level Services	20,050,843.86	4,587,063	15,428,265	4,641,659
Total Service Costs	\$20,050,843.86	\$4,587,063	\$15,428,265	\$4,641,659

Program Description

The Water Resources Division staff are responsible for many programs associated with the uses, development and protection of Montana's water. These programs include the following:

Water Planning - (Title 85, chapter 1, MCA) - administers Montana's water planning responsibilities, which include ensuring that Montana's interests are represented in national water policy and federal water resources programs and projects conducted in Montana. The program includes projection of future water requirements, formulation of plans and alternatives, administration of the water reservation statutes, identification of water storage needs and projects, evaluation of effects of varying levels of water use, recommendations for implementation methods for water resource

programs and projects, and development of state water policy.

Water Rights - (Article IX, Section 3 of the Montana Constitution) - administers a permit system for new appropriations and is centralizing all existing water rights records and administers the Water Rights Adjudication Act, which established a water court system to adjudicate existing water rights claimed prior to July 1, 1973. Although the responsibility for the adjudication program is with the Judiciary, the division staff handles technical and administrative tasks for the court.

Water Projects - (Title 85, chapter 1, MCA) - provides water to Montana citizens by developing, operating and maintaining a system of 40 state-owned water conservation projects.

Floodplain Management Program - (Title 76, chapter 3, MCA) determines 100-year frequency floodway and flood-

plain boundaries for all streams in Montana and manages and regulates floodprone lands and waters to prevent or alleviate flood threats to life and property. As the state's coordinating agent for the Department of Housing and Urban Development Federal Flood Insurance Program, the Floodplain Management Program staff assist local political subdivisions in meeting flood insurance eligibility requirements.

Dam Safety - (Title 85, chapter 15, MCA) - administers a permit system for construction, repair, alteration, and removal of state or private dams 50 acre-feet or over where the failure may cause a loss of life; may make emergency repairs or breach a dam to safeguard life or property; establish safety standards for the design, construction, operation and maintenance of high hazard dams and reservoirs.

Board of Water Well Contractors - (Title 37, Chapter 43, MCA) administer and participate with the Board of Water Well Contractors the licensing of well drillers and the development and enforcement of well construction standards.

Renewable Resources - (Title 90, chapter 2, MCA) - implements the Renewable Resource Development (RRD) act. The RRD program invests coal severance funds in Montana's renewable resources, either through direct grants, loans or as security for the issuance of state revenue bonds. The Water Resources Division staff review all applications for Renewable Resource loans and grants and make recommendations to the Governor. When RRD grants are awarded by the Legislature, the staff of the Water Resources Division administer the grants to insure proper execution of legislative intent.

Water Development - (Title 85, chapter 1, MCA) - administers Montana's Water Development Program, which provides grants and loans to public and private entities. In addition, bonds backed by the coal severance tax are sold for the development of water resource projects.

Water Allocation Negotiations - (Title 85, chapters 1 and 2, MCA) - ensures that Montana's interests are represented in negotiations with other states and Canada regarding water allocation. Staff assistance is also provided to the Reserved Water Rights Compact Commission, which negotiates with federal agencies and Indian tribes concerning reserved water rights.

Issues Addressed/Legislative Intent

To comply with the FY87 five percent reduction, the Water Resources Division eliminated 2.87 FTE. Because of a net reduction in the water rights adjudication program of \$483,212 in each fiscal year of the biennium, the department estimates that it will eliminate an additional 19.22 positions. Legislative intent of the cut in water adjudication was not to dictate how the reductions would be made. As such, DNRC has the latitude to choose specifically how the

reductions will be made, and consequently, which positions will be cut. HB 6 adds \$50,000 in RIT to personal services for administration.

The Water Rights Adjudication Program is part of the Water Rights Bureau. The bureau's budget is approximately \$2,242,000 per year (after the \$483,212 per year reduction) Of this total, all but \$75,000 per year is funded by general fund.

In regard to the Water Rights Adjudication Program cut, the Supreme Court has recently decided that it will adopt rules on how the water right claims examination will be performed. According to DNRC, the utilization of new rules based on the budget reduction, about 4,000 claims will be verified per year reflecting a decrease of about 67% from the past claim examination rate. It should also be noted that the 1987 Legislature provided a biennial appropriation of \$75,000 to the EQC for use by the Water Policy Committee to evaluate the accuracy and viability of the current adjudication program. Results are to be reported to the 1989 Legislature.

In addition to the reduction in the Water Rights Adjudication Program the budget is also reduced \$13,300 for water testing and funding for the flood plains hearings is reduced by \$9,300 per year.

It should also be noted that in FY86, the expenditures for the state water projects (\$378,820) was included in operating expenses. In FY88, the appropriation for the state water projects is listed in the non-operating category.

The equipment budget for the biennium includes \$60,000 for the replacement of three vehicles, office equipment totalling \$4,100, engineering equipment for field usage \$38,000, and computer equipment \$10,000, and other equipment of approximately \$4,500.

Included in non-operating expenses are the following:

State Water Projects

- Middle Creek Dam Rehabilitation \$500,000
- North Fork of the Smith River Dam rehabilitation study \$275,000
- Petrolia Dam Emergency Warning and Evacuation Plan \$25,000

(Up to \$100,000 of these funds may be used for unanticipated project repairs)

All of the above-listed projects are biennial appropriations.

Also included in non-operating costs:

- Poplar River water quality monitoring \$15,650 (general fund)
- Middle Creek Dam Project \$4,040,000 (federal funds)
- Water Conservation Bond payment \$28,300 per year
- Debt service repayments \$37,100 per year

The following table shows funding for the Water Resource Division by bureau (Grants not included).

DEPT NAT RESOURCE/CONSERVATION

Water Resources Division - Funding By Bureau FY88							
Bureau	General Fund	Water Well	Water Dev	RRD	RIT	Water Right	Federal
Admin	0	0	175,312	0	94,688	0	0
Water Well	10,000	30,000	0	0	0	0	0
Water Right	1,967,471	0	0	0	0	75,000	0
Water Manag.	257,158	0	0	0	342,568	0	0
Water Dev.	0	0	335,438	65,000	0	0	0
Engineering	0	0	1,480,000	0	0	0	4,109,675
RWRCC	114,884	0	0	0	114,883	0	0
Missouri Riv.	0	0	0	0	174,407	0	0
Dam Safety	0	0	0	0	127,563	0	0
Poplar River	15,650	0	0	0	0	0	0
Powder River	0	0	0	0	35,500	0	0
Total	2,365,163	30,000	1,990,750	65,000	889,609	75,000	4,109,675

Water Resources - Funding by Bureau FY89							
Bureau	General Fund	Water Well	Water Dev	RRD	RIT	Water Right	Federal
Admin	0	0	174,273	0	95,727	0	0
Water Well	10,000	30,000	0	0	0	0	0
Water Right	1,967,471	0	0	0	75,000	0	0
Water Manag.	273,792	0	0	0	313,934	0	0
Water Dev.	0	0	335,438	65,000	0	0	0
Engineering	0	0	671,410	0	0	0	69,675
RWRCC	114,740	0	0	0	114,739	0	0
Missouri Riv.	0	0	0	0	174,358	0	0
Dam Safety	0	0	0	0	140,452	0	0
Poplar River	15,650	0	0	\$ 0	0	0	0
Total	2,381,653	30,000	1,181,121	65,000	839,210	75,000	69,575

Legislative Intent:

Language in House Bill 2 prohibits the usage of more than \$584,788 in operation costs to be used for adjudication of pre-July 1, 1973, water rights.

Modifications Approved:

Reserved Water Rights Compact Commission - The commission was created in 1979 as part of the statewide water adjudication process. The commission is authorized to negotiate water rights settlements with federal agencies and tribes claiming federal reserved water rights in the state of Montana. Enabling legislation was passed by the 1987 Legislature for the Commission to continue work through June 30, 1993. Funding is provided for FY88 and FY89. The program is funded one half with general fund and one half with RIT interest. Funding in FY88 equals \$229,479 and

\$229,479 in FY89. Six FTE are also continued in the 1989 biennium.

Missouri River Reservation Program - This modified enables DNRC to continue a comprehensive basin-wide water reservation process on the portion of the Missouri River from Canyon Ferry to Fort Peck. 1.0 FTE is added for the biennium and funding is \$174,407 in FY88 and \$174,358 in FY89 of RIT.

Dam Safety - This modified is approved for the 1989 biennium and funds the review inspections on high hazard dams. Three FTE are approved in FY88 and 4.0 FTE in FY89. RIT funds the modified: \$127,563 in FY88 and \$140,452 in FY89.

Powder River Negotiations - \$35,500 of RIT is appropriated for the biennium to continue negotiations with Wyoming relative to the Powder River water quality.

**ENERGY PLANNING
Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	53.43	38.00	43.00	43.00
Personal Services	1,125,494.90	956,055	1,269,893	1,070,032
Operating Expenses	711,802.56	1,532,426	4,212,250	1,479,751
Equipment	22,336.05	3,250	7,904	10,005
Capital Outlay	40,170.16	0	0	0
Grants	971,311.06	725,759	2,849,562	158,600
Transfers	0.00	0	2,291,042	0
Total Program Costs	\$2,871,114.73	\$3,217,490	\$10,630,651	\$2,718,388
General Fund	397,426.70	444,470	438,152	451,118
State Special Revenue Fund	1,461,710.99	1,807,000	1,274,512	1,273,399
Federal & Other Spec Rev Fund	1,011,977.04	966,020	8,917,987	993,871
Total Funding Costs	\$2,871,114.73	\$3,217,490	\$10,630,651	\$2,718,388
Current Level Services	2,795,119.38	3,217,490	10,630,651	2,718,388
Budget Amended Services	75,995.35	0	0	0
Total Service Costs	\$2,871,114.73	\$3,217,490	\$10,630,651	\$2,718,388

Program Description

The staff of the Energy Division administer the Montana Major Facility Siting Act (MFSA), the Alternative Energy Grant and Loan Program, the Energy Emergency Powers Act, and federally-sponsored energy conservation programs. These responsibilities are carried out by three bureaus.

The Facility Siting Bureau designs and conducts environmental impact and monitoring studies and performs analyses of energy projects under either MFSA or the Montana Environmental Policy Act (MEPA). In addition, the bureau conducts and/or supervises impact assessment and research studies when its environmental expertise is requested by the Board of Natural Resources and Conservation, other bureaus, divisions, or state or federal agencies. The bureau 1) writes, oversees, and implements administrative rules for MFSA; 2) evaluates the environmental and economic impacts of transmission lines, power plants, pipelines, and other major energy facilities, or projects in accordance with rules, and regulations of MFSA, MEPA or other environmental laws; 3) monitors construction and cleanup activities to determine compliance with state conditions of approval adopted for projects; and 4) researches and gathers information to formulate and recommend environmental standards, siting policies and mitigating measures for adoption by the Board or other state agencies.

The Planning and Analysis Bureau is responsible for the conducting energy need and energy alternative analysis as required under MFSA and MEPA. The bureau develops and analyzes energy policy, evaluates and monitors energy issues that may affect Montana, short-term (contingency) and long-term energy planning studies. In addition, the bureau administers the Energy Emergency Powers Act and monitors petroleum supplies and demand in Montana, collects and updates energy data, conducts feasibility studies of alternate energy and energy conservation, provides planning and analytic support to other bureaus in the division and conducts other special projects relating to energy.

The Conservation and Renewable Energy Bureau's purpose is to reduce Montana's dependence on fossil fuels by encouraging energy conservation and the use of renewable resources. Bureau staff administer the Renewable Energy

and Conservation Program and approximately ten other federally funded conservation programs. They award grants and loans to individuals and organizations for projects that research, develop, demonstrate, or commercialize energy conservation and renewable energy sources such as solar, wind, geothermal, water, and biomass. The bureau staff are also responsible for development and implementation of several energy conservation under the U.S. Department of Energy and Bonneville Power Administration.

Issues Addressed/Legislative Intent

The personal services portion of the Energy Division budget for the 1989 biennium continues the 2.0 FTE reduction made during the Special Session for the 1987 biennium. These 2.0 FTE's were funded with general fund.

14.2 FTE are authorized with an appropriation of \$438,152 in FY88 and \$451,118 in FY89 of general fund to support division administration, facility siting, and energy planning and analytic activities.

13.25 FTE and \$738,486 in FY88 and \$642,294 in FY89 of federal funds are appropriated to promote energy conservation in Montana. The federal funds are provided primarily by the Bonneville Power Administration and the U.S. Department of Energy.

3.75 FTE and \$253,450 in FY88 and \$252,336 in FY89 from the alternative energy account is appropriated to the division. An earmarked allocation of coal severance tax revenues and repayment of alternative energy grants and loans are the source of revenue. All coal severance tax revenues collected during the 1989 biennium are appropriated to the Office of Science and Technology. The other credits to the alternative energy account, including grant and loan repayments, are appropriated to the Energy Division.

\$1,021,062 in spending authority is appropriated for operating expenses related to preparing environmental impact statements under the Montana Major Facility Siting Act (MFSA) and the Montana Environmental Protection Act (MEPA). This authorization includes .8 FTE as general fund offset for four general funded FTE's and provides for additional modified FTE's to allow the Department to complete

its work within statutory time frames as applications are received and funds are available.

The general fund appropriation to the Facility Siting Bureau has historically served two purposes. 1) Provide funds to administer environmental regulations; and, 2) provide a cushion or "safety net" to ensure employment continuity for the core staff. The "safety net" was to be employed only when a lack of project fees would have otherwise forced dismantling the core staff. In the past, the availability of project funds for use by core staff has made it possible to turn the "safety net" portion of the allocation back to the general fund. Reductions to the general fund appropriation in the last few years has eliminated the "safety net". The 1987 Legislature also passed HB397 which, under certain conditions, will exempt 100 and 115-kv transmission lines from the Major Facility Siting Act. Facilities qualifying for exemptions under HB397 will tend to increase routine administrative costs, since verification that qualifying conditions are met will increase administrative workload. HB397 creates responsibilities for the department, but since no application is filed, no fee can be collected to fund the responsibilities. Hence, general fund administrative costs will tend to increase and reversions back to the general fund may decrease.

In FY88 there are two biennial appropriations to continue mitigation trust funds created as conditions for project approval under the Major Facility Siting Act (MFSa). \$1,650,000 is reappropriated for the Rock Creek mitigation trust fund and \$40,000 is reappropriated for the Lake Broadview mitigation trust fund.

\$10,000 is appropriated in FY88 from Warner Amendment Overcharge funds for the institutional conservation program for grants to schools and hospitals.

\$20,000 of federal funds is appropriated each year for project grants under the biomass utilization and cogeneration program.

Legislative Intent:

House Bill 2 stipulates that funding for Lake Broadview mitigation, Rock Creek mitigation and Chevron Oil overcharge are biennial appropriations.

House Bill 2 states that the Energy Division is authorized to spend up to \$40,000 it may receive from the Bonneville Power Administration for technical assistance and up to \$50,000 it may receive from the Montana Power Company for builder training.

Funding for the Energy Division by program activities is shown below (Grants not included).

Funding For The Energy Division By Program - FY88

<u>PROGRAM</u>	<u>G/F</u>	<u>MFSa/ MEPA</u>	<u>ALTER. ENERGY</u>	<u>FED</u>	<u>OTHER</u>
Prog. Admin	117,857			15,000	
Facility Siting	132,950	1,021,062			1,690,000
Energy Planning	187,345				15,500
Conservation			253,450	1,031,319	10,000
Total	438,152	1,021,062	253,450	1,046,319	1,715,500

Funding For The Energy Division By Program - FY89

<u>PROGRAM</u>	<u>G/F</u>	<u>MFSa/ MEPA</u>	<u>ALTER. ENERGY</u>	<u>FED</u>	<u>OTHER</u>
Prog. Admin	118,612			15,000	
Facility Siting	136,649	1,021,063			
Energy Planning	195,857				
Conservation			252,336	978,871	
Total	451,118	1,021,063	252,336	993,871	0

Modifications Approved:

Residential Construction Demonstration Program - The legislature appropriated \$220,194 in FY88 and \$264,042 in FY89 and authorized 4.0 FTE for the Residential Construction Demonstration Project. Funding for this program is provided by a federal grant from the Bonneville Power Administration through the Washington State Energy Office. The program is aimed at researching and demonstrating new residential building techniques and product innovations that will further enhance the state-of-the-art in constructing energy efficient housing.

Technical Assistance Program - \$72,639 in FY88 and \$72,535 in FY89 and the authorization for 3.0 FTE is appropriated for the Technical Assistance Program. The Bonneville Power Administration funds the Technical Assistance Program under the provisions of the Pacific Northwest Electric Power Planning and Conservation Act. This modification provides technical assistance and information to local government, commercial, agricultural, and residential consumers of electricity in western Montana to encourage Bonneville customers to conserve electrical energy.

BPA Coordination Agreement - \$15,000 is appropriated in each year of the biennium for the BPA coordination agreement. The BPA funds this agreement to facilitate state parti-

cipation in the review of existing and in the development of new Bonneville policies and programs as they affect the interests and authorities of states in the Pacific Northwest.

Chevron Oil Overcharge - \$15,500 of Chevron oil overcharge funds

are appropriated for the biennium to update analysis previously done by the department. The division will analyze current building practices in Montana for use in estimating the cost effectiveness of energy savings measures that can be installed by builders when constructing new homes in Montana. Information will also be used to direct the department's conservation programs in the new residential sector.

DEPARTMENT OF REVENUE

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	1,029.88	984.95	886.67	898.17
Personal Services	20,681,801.34	20,440,277	19,532,852	19,767,999
Operating Expenses	33,223,508.72	33,902,260	6,404,672	6,585,307
Equipment	527,480.14	349,773	151,932	227,073
Local Assistance	9,990,968.56	160,000	180,000	195,000
Benefits and Claims	3,274.00	0	0	0
Transfers	15,822,072.50	14,330,000	120,000	0
Total Agency Costs	\$80,249,105.26	\$69,182,310	\$26,389,456	\$26,775,379
General Fund	18,841,525.08	17,267,091	17,482,614	17,511,147
State Special Revenue Fund	12,737,905.59	880,288	1,297,951	1,171,994
Federal & Other Spec Rev Fund	1,363,383.52	1,560,191	1,444,152	1,955,688
Proprietary Fund	47,306,291.07	49,474,740	6,164,739	6,136,550
Total Funding Costs	\$80,249,105.26	\$69,182,310	\$26,389,456	\$26,775,379
Current Level Services	80,249,105.26	69,182,310	26,389,456	26,775,379
Total Service Costs	\$80,249,105.26	\$69,182,310	\$26,389,456	\$26,775,379

Agency Description

The principal responsibility of the Department of Revenue is to collect and enforce approximately 31 state taxes and fees. The Department is also responsible for regulating the sale and distribution of alcoholic beverages.

general fund decreases \$1.3 million from the FY86 level for both years. The FTE level decreases from 1,029.88 to 864.67 in FY88 and 860.97 in FY89. This decline is due to several factors. This decrease is due to the end of the reappraisal cycle, the continuing conversion of state liquor stores to agency stores, and elimination of FTE to absorb the unfunded pay plan.

Issues Addressed/Legislative Intent

The budget for the Department of Revenue reflects a substantial decrease from the FY86 level of expenditures. The

DIRECTOR'S OFFICE Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	16.50	14.50	15.00	15.00
Personal Services	496,771.40	480,823	520,338	520,079
Operating Expenses	207,562.69	120,663	267,130	143,883
Equipment	827.14	118	675	700
Benefits and Claims	3,274.00	0	0	0
Total Program Costs	\$708,435.23	\$601,604	\$788,143	\$664,662
General Fund	521,755.23	469,156	612,835	535,697
State Special Revenue Fund	114,769.00	86,856	96,506	80,365
Proprietary Fund	71,911.00	45,592	78,802	48,600
Total Funding Costs	\$708,435.23	\$601,604	\$788,143	\$664,662
Current Level Services	708,435.23	601,604	788,143	664,662
Total Service Costs	\$708,435.23	\$601,604	\$788,143	\$664,662

Program Description

The Director's Office provides management control, coordination of policy direction, strategic planning, legal and personnel services that assist the tax programs in carrying out their respective collection and enforcement responsibilities. This office provides detailed studies concerning the impact

on state and local revenue sources caused by legislative action, executive decisions and changes in economic patterns. It provides a fact-finding service to the legislative and executive branches of State government, to the public and others interested in revenue issues in the State. In addition, it publishes major statistical reports on Montana taxation and a summary of all taxes, licenses and fees of the State.

The program provides a variety of management and administrative services such as legal services, planning and research, and personnel to all program areas.

The purpose of the program is to improve the efficiency of Departmental operations, increase the speed and accuracy with which tax payments are handled, and increase the degree of taxpayer compliance with state laws.

Issues Addressed/Legislative Intent

The director's office budget was left at the FY86 level with the following adjustments. A 4% vacancy savings was applied against personal services, but the budgeted amount for personal services still exceeds the FY86 level due to pro-

longed vacancies in FY86 which produced excess vacancy savings.

Adjustments were made for increased insurance costs totalling \$11,728 per year. The cost of the legislative audit was increased from \$99,750 to \$115,200 and is reflected in the FY88 budget. The remaining reductions result from the deletion of a one-time contract for approximately \$10,000 per year.

Funding for this division is comprised of approximately 12% from the highway special revenue account, Liquor Division funds support approximately 7% of the base budget. Support of \$20,800 is included for the Liquor Division's share of the audit in FY88. The remaining program funding is general fund.

CENTRALIZED SERVICES DIVISION Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	37.27	37.27	35.27	35.27
Personal Services	733,690.86	748,029	746,910	747,187
Operating Expenses	124,301.66	87,292	136,145	142,076
Equipment	6,782.50	6,000	4,091	4,103
Local Assistance	2,516,012.03	0	0	0
Transfers	1,750,680.00	0	0	0
Total Program Costs	\$5,131,467.05	\$841,321	\$887,146	\$893,366
General Fund	858,175.02	836,321	880,546	886,766
State Special Revenue Fund	4,266,692.03	0	0	0
Federal & Other Spec Rev Fund	6,600.00	5,000	6,600	6,600
Total Funding Costs	\$5,131,467.05	\$841,321	\$887,146	\$893,366
Current Level Services	<u>5,131,467.05</u>	<u>841,321</u>	<u>887,146</u>	<u>893,366</u>
Total Service Costs	\$5,131,467.05	\$841,321	\$887,146	\$893,366

Program Description

The Centralized Services Division provides support services to all Department divisions. In addition, the division provides bad debt collection and write-off service for all state agencies by collecting debts owed and writing off uncollectible debts. The program also administers the beer and wine tax statutes regarding department tax collections.

Specific responsibilities include:

- Recording, summarizing, analyzing and reporting budget and accounting data including cash receipts, distribution and payment of invoices;
- Maintaining beer and wine tax collection records and completion of monthly collection reports;
- Providing centralized payroll services and position control services for all divisions;
- Maintaining records for all Department fixed assets;
- Performing inventory, fiscal and performance audits of all state liquor stores;
- Depositing all tax collections for the Department;
- Receiving and distributing all Department mail;
- Maintaining a supply operation for liquor stores and a purchasing function for Department purchases;
- Maintaining a revenue-producing debt collection service for all state agencies.

Issues Addressed/Legislative Intent

The personal services portion of this division's budget increases over the FY86 level despite the deletion of two FTE needed to absorb the unfunded pay plan. This increase is due to forced vacancy savings realized in FY86 due to holding positions open. The personal services budget for the 1989 Biennium represents all remaining positions fully funded and a 4% vacancy savings applied against total budgeted personal services.

The legislature provided funding for operation of the revenue control data processing system that was developed during FY86. This system will automate all accounting, cashing and reconciliation for the department. This system was recommended by the Legislative Auditor. The ongoing cost of this system was budgeted at \$43,758 in FY88 and at \$49,195 in FY89. Printing costs were reduced from the 1986 level by \$27,000 per year for printing associated with the property appraisal effort in FY86 which will not recur. Rent expenses increase \$12,000 per year for this department's share of the upkeep of the capitol complex grounds.

Equipment includes one typewriter, one personal computer, and one microfiche reader in each year.

Local assistance payments are anticipated to be approximately at the FY86 level. These payments are for the return of liquor, wine and beer tax revenues to the counties. These payments are not reflected in the budget as they are appro-

appropriated by statute and it is no longer necessary to appropriate these funds in the budget.

Transfer payments of resource indemnity trust (RIT) funds to other state agencies was appropriated through language because both the revenue that will be available and the amount of projects that would be approved by the legislature in later session action was unknown. Language in

HB2 provides that "Funds for resource indemnity trust projects approved by the 50th Legislature in other state agencies are appropriated for transfer purposes to the extent that these funds are available."

This division receives federal funds for administrative support of the child support enforcement program. The general fund also provides funding for the division.

DATA PROCESSING DIVISION Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	60.50	54.50	52.50	52.50
Personal Services	1,205,762.22	1,165,145	1,228,458	1,227,338
Operating Expenses	326,814.11	194,363	196,228	202,186
Equipment	38,714.43	8,042	0	0
Total Program Costs	\$1,571,290.76	\$1,367,550	\$1,424,686	\$1,429,524
General Fund	1,151,103.76	938,313	1,005,278	1,007,144
Proprietary Fund	420,187.00	429,237	419,408	422,380
Total Funding Costs	\$1,571,290.76	\$1,367,550	\$1,424,686	\$1,429,524
Current Level Services	1,571,290.76	1,367,550	1,424,686	1,429,524
Total Service Costs	\$1,571,290.76	\$1,367,550	\$1,424,686	\$1,429,524

Program Description

The Data Processing Division provides automated data and word processing services, detailed systems requirements analysis, systems development and maintenance services, technical support for Departmental and personal computers, and research services relating to tax policy, revenue estimating, and Montana tax laws.

Issues Addressed/Legislative Intent

The personal services for this division were reduced by 9.0 FTE after taking into account the reorganization of the division. Four FTE were reduced to absorb the unfunded pay plan. Four FTE were reduced because they were "sunsetting"

last session. These positions were of a one-time nature to help establish the new data systems in the department. Finally, the legislature reduced one additional FTE that had been held open in FY87 by the division to generate vacancy savings.

Operating costs decrease because one-time printing costs totalling \$135,000 were deleted from the base. These FY86 costs, associated with the reappraisal effort, are not recurring costs.

Funding for this program is made up of approximately 29% from Liquor Division revenues and the remainder from the general fund.

INVESTIGATION AND ENFORCEMENT
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	81.50	74.50	72.50	72.00
Personal Services	1,653,816.89	1,586,654	1,670,978	1,682,590
Operating Expenses	436,625.25	471,171	497,554	516,679
Equipment	85,770.37	29,547	48,625	12,089
Local Assistance	1,835,194.56	160,000	180,000	195,000
Total Program Costs	\$4,011,407.07	\$2,247,372	\$2,397,157	\$2,406,358
General Fund	594,844.49	543,115	581,656	573,449
State Special Revenue Fund	1,876,006.43	0	230,728	238,348
Federal & Other Spec Rev Fund	1,243,936.15	1,414,448	1,315,424	1,326,171
Proprietary Fund	296,620.00	289,809	269,349	268,390
Total Funding Costs	\$4,011,407.07	\$2,247,372	\$2,397,157	\$2,406,358
Current Level Services	4,011,407.07	2,247,372	2,397,157	2,406,358
Total Service Costs	\$4,011,407.07	\$2,247,372	\$2,397,157	\$2,406,358

Program Description**Investigation and Enforcement Division**

The Investigations and Enforcement Division administers the investigation program and the child support enforcement program.

Administration

The Administration Program is responsible for the Investigation and Child Support programs.

Investigation Program

The Investigations Program performs the criminal and regulatory investigative functions required by state and federal statute. Specific areas of responsibility are alcohol beverage control, video poker and keno enforcement under contract to the Department of Commerce, welfare and Medicaid fraud investigation, cigarette tax enforcement, criminal income tax and intra departmental investigation as well as special investigation when required.

All persons and organizations involved in the sale of alcoholic beverages including retailers, distributors, representatives, brewers, distillers, and carriers must obtain a license to operate. Applications are processed by the Liquor Division and all applicants are investigated by the Investigations Program. In addition, the Investigations Program enforces Montana alcohol beverage control laws on the state's 3,054 licensed premises.

All video poker and keno machines placed for play in the state must be inspected. In addition to inspecting new machines the Investigations Program provides law enforcement to control the manner in which the state's licensed machines operate. The investigators also detect and seek prosecution of machine tampering.

The Investigations Program has the sole responsibility for the investigation of criminal welfare and Medicaid fraud. The Program annually receives over 150 requests to investigate public assistance fraud involving approximately \$300,000 in public assistance monies.

Child Support Enforcement

The Child Support Enforcement Program is a revenue generating program authorized by Part D of Title IV of the Social Security Act. It was created "for the purpose of estab-

lishing, enforcing, and collecting support obligations owed by absent parents to their children and the spouses (or former spouses) with whom such children are living; additionally locating absent parents, establishing paternity, and obtaining child and spouse support helps assure assistance in assuring support is available under this part for all children for whom such assistance is requested."

The Program generates revenue from three sources:

- the recovered AFDC funds originally paid out by the State of Montana;
- the federal incentives paid to states for operating a cost effective program; and
- fees generated in Non-AFDC cases.

Issues Addressed/Legislative Intent

The Investigation and Enforcement Division contains three separate functions. Legislative action is explained for each of these functions in the following narrative.

Administration Program

This program was decreased slightly from the FY86 level. The primary change is the source of funding; general fund declines while federal and liquor funding increases. The non-general fund sources were increased reflecting the changing workload of the division to non-general fund supported areas.

Investigations and Enforcement

The investigations and enforcement program was altered by the 50th Legislature, especially with regard to the video poker licensing function. The licensing and enforcement functions for video poker machines had been housed in this division in the 1987 Biennium. The legislature passed HB189 which transfers the licensing function to the Department of Commerce's newly created Lottery Division. The Lottery Division will now contract with the Investigations Division in the Department of Revenue for enforcement of the video poker and keno licensing laws. The Department of Commerce is currently oriented toward licensing functions, while the Department of Revenue is involved in enforcement activities in the same establishments that have video poker machines.

Child Support Enforcement

At the department's request, FTE levels decrease for this program from the FY86 level due to continuing only 9 of the 13 "sunsetted" positions authorized in FY86. The 49th Legislature required that these positions, added in FY86, be submitted as modified level positions. After review of the performance of these positions the legislature approved the continuance of these positions as permanent positions beginning in FY88.

Operating costs increase \$63,400 for anticipated operating costs associated with the new computer system developed in the 1987 Biennium. Other areas of increase include \$20,490 in FY88 and \$26,196 in FY89 for increased laboratory paternity tests, additional payments to the internal revenue service for income tax return matchups, and for additional hearing officer expenses.

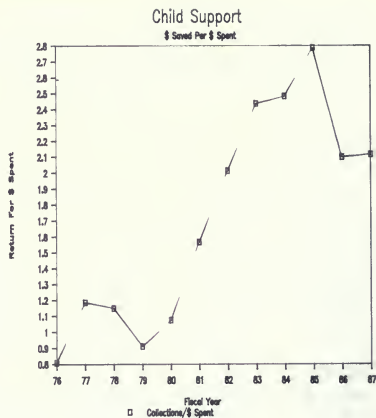
Equipment includes one vehicle in FY88 only.

Non-operating expenses reflect pass through funds to local governments for assistance with child support activities at the local level.

Funding reflects a required general fund match of 34 % necessary to receive federal funds.

The legislature also approved the proposed reorganization plan to combine the medicaid fraud bureau into the existing investigations bureau.

The following graph shows for every state dollar spent how much the state has saved through child support enforcement. The average since FY76 has been nearly two state dollars saved for every state dollar spent. This is the net reimbursement to the state. Total collections are also distributed to mothers, the federal government, and county government.



HISTORICAL CHILD SUPPORT PERFORMANCE COST EFFECTIVENESS

Child Support Cost Effectiveness \$ Saved Per \$ Spent

FY	Amount
76	\$0.81
77	\$1.18
78	\$1.15
79	\$0.91
80	\$1.07
81	\$1.56
82	\$2.01
83	\$2.44
84	\$2.48
85	\$2.79
86	\$2.10
87	\$2.11

**LIQUOR DIVISION
Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	199.08	199.08	138.50	138.50
Personal Services	3,311,652.92	4,346,111	3,236,366	3,236,366
Operating Expenses	29,119,380.72	29,846,991	2,160,814	2,160,814
Equipment	15,146.93	187,000	0	0
Transfers	14,071,392.50	14,330,000	0	0
Total Program Costs	\$46,517,573.07	\$48,710,102	\$5,397,180	\$5,397,180
Proprietary Fund	46,517,573.07	48,710,102	5,397,180	5,397,180
Total Funding Costs	\$46,517,573.07	\$48,710,102	\$5,397,180	\$5,397,180
Current Level Services	46,517,573.07	48,710,102	5,397,180	5,397,180
Total Service Costs	\$46,517,573.07	\$48,710,102	\$5,397,180	\$5,397,180

Program Description

The Liquor Division administers the provision of Title 16, MCA, relating to the control, sale and distribution of alcoholic beverages and the licensing of manufacturers, wholesalers and retailers of alcoholic beverages.

The Division orders all merchandise for distribution and sale through the state retail liquor stores/agencies, publishes a retail price list on a quarterly basis, prepares analysis on new products and sales patterns of existing products and audits all merchandise invoices and freight claims.

The Division warehouse receives and stores all alcoholic beverage merchandise ordered, assembles orders from individual state retail liquor stores/agencies and schedules shipment by the most economical means and routes.

The Division also supervises and evaluates all phases of state retail store and agency operations, analyses and audits retail outlets financial condition and profit potential, negotiates store leases and evaluates bids for selection of agencies, develops and implements merchandising/marketing techniques and a training program for store personnel and agents.

State Liquor Stores and Agencies maintain an adequate variety of listed alcoholic beverage products in inventory for direct sale to retail licensees and the public, maintain store premises in a well kept attractive manner and conduct in-store merchandising and marketing programs.

Additionally, the Division determines qualifications of applicants for wholesale and retail licenses, issues licenses, and processes annual renewals of licenses and registrations.

Issues Addressed/Legislative Intent

The appropriation for the Liquor Division was established by the legislature through language in HB2. This language states:

"Liquor division proprietary funds necessary to maintain adequate inventories of liquor and wine and to operate the state liquor operations are appropriated. During the 1989 Biennium, the division shall attempt to return at least 10% of net sales. Net sales are gross sales less discounts and all taxes collected. The division shall limit operational expenses of the liquor merchandising system to not more than 15% of net sales. Operational expenses may not include product costs, freight charges, or expenses allocable to other divisions or licensing bureau expenses."

The FY 88 and FY 89 budget for the liquor division includes only personal services and operating expenses. The FY 86 and FY 87 figures include liquor sales. When liquor sales are included for FY 88 and FY 89, the total final costs for the division should be about the same as FY 86 and FY 87. This will be contingent upon liquor sales.

INCOME TAX Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	89.65	95.15	103.65	103.65
Personal Services	1,752,400.58	1,805,529	2,177,911	2,176,998
Operating Expenses	771,648.44	752,253	976,076	1,062,265
Equipment	98,023.88	53,989	8,260	5,000
Transfers	0.00	0	120,000	0
Total Program Costs	\$2,622,072.90	\$2,611,771	\$3,282,247	\$3,244,263
General Fund	2,613,218.49	2,604,927	3,079,363	3,156,379
State Special Revenue Fund	8,854.41	6,844	202,884	87,884
Total Funding Costs	\$2,622,072.90	\$2,611,771	\$3,282,247	\$3,244,263
Current Level Services	2,622,072.90	2,611,771	3,282,247	3,244,263
Total Service Costs	\$2,622,072.90	\$2,611,771	\$3,282,247	\$3,244,263

Program Description

The Income Tax Division administers and enforces the Montana personal income and withholding taxes. This also includes partnership returns, fiduciary and trust returns, estimated income tax, filing extensions and elderly homeowner/renter credit. These taxes constitute the largest payments to the general fund.

The goals of the program are to:

- achieve and maintain a cost effective level of compliance with the state tax laws in a manner respectful of all citizens;
- account for tax returns and payments;
- collect delinquent taxes;
- simplify reporting requirements; and
- promptly issue tax refunds.

Major activities include providing assistance to taxpayers and employers on filing returns, performing audits to ensure accurate and complete returns, identify noncompliance with the tax laws, and issue tax refunds.

The program provides many services to the public. Forms and instructions are distributed to taxpayers through the mail or at the many distribution points around the state. Toll free telephone lines are available to taxpayers and practitioners for tax questions. Volunteers are trained by the Division staff to assist others in completing their returns. Direct assistance in completing returns is available in some cities. Small business clinics are conducted to inform employers of the requirements for state tax withholding. Training programs are given to practitioners on changes in tax laws and regulations.

Ensuring that all taxpayers pay their fair share is an important part of the program. Audit staff working both in the office and at the taxpayer's location audit returns and tax records. Reports from other state agencies and the Internal Revenue Service are matched against the state tax records to identify nonfilers. Unpaid taxes are pursued by collectors. Arrangements are made to have the taxes paid. Disputed tax

assessments are resolved through discussions, informal conferences and formal hearings.

In FY 87 the Miscellaneous Tax Division was consolidated with this division. As a result the Income Tax Division is now responsible for the administration of seventeen miscellaneous licenses and taxes and the minimum cigarette price law. This program also administers the Inheritance Tax, Abandoned Property, Escheated Estates and Contractors Gross Receipts Tax programs.

Issues Addressed/Legislative Intent

The Income Tax Division increases less than 2% when FY88 is compared to FY86. The legislature approved the Executive request to combine this division with the miscellaneous tax program.

The legislature continued the 13.0 FTE associated with the assessment and collection effort and made these FTE part of the program base. In total, the FTE level decreases by 4.65 FTE due to the absorption of the unfunded pay plan in FY87.

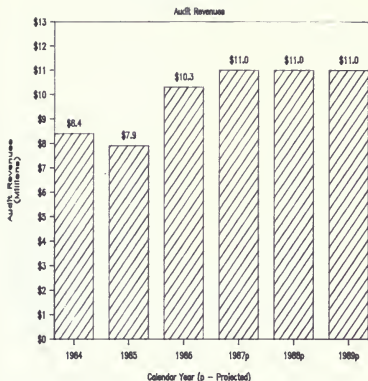
Presented below in the table and graph are levels of audit revenue collected by the program for calendar years 84, 85 and 86 and projected revenue for calendar years 87, 88, and 89. The table also includes the number of staff and the revenue per staff that is anticipated.

Individual Income Tax Audit Revenues

CY	Audit Revenue	Audit FTE *	Revenue/ FTE
1984	\$8,400,000	26.3	\$319,149
1985	\$7,900,000	26.3	\$300,152
1986	\$10,300,000	31.9	\$323,391
1987	\$11,000,000	31.9	\$345,369
1988	\$11,000,000	32.6	\$337,630
1989	\$11,000,000	33.6	\$327,576

* Audit FTE are based on a fiscal year basis.

Individual Income Tax



The primary reason for the increase in operating expenses is the addition of \$204,000 in FY88 and \$288,000 in FY89.

This funding provides for mainframe computer time to run the new accounts receivable, withholding, and income tax system that was developed during FY87. The operating expenses reflect a reduction of \$85,000 for computer expenses in FY86 to assist in the reappraisal effort, and the merger of this division with the miscellaneous tax program results in a savings of \$34,000 per year.

This program is funded from general funds and from state special revenue which includes unclaimed property funding, cigarette enforcement funds, and non-game wildlife checkoff funds. The following table provides information on the various checkoff programs collected by this division.

Revenue From Tax Checkoffs

Year	Public Campaign	Non-Game Wildlife	Child Abuse
1984	\$2,399	\$33,086	
1985	\$4,474	\$34,060	
1986	\$2,809	\$36,401	\$20,922

CORPORATION TAX
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	35.83	37.66	35.00	35.00
Personal Services	890,136.24	1,010,184	957,519	958,073
Operating Expenses	379,921.75	424,080	328,565	328,722
Equipment	9,993.51	7,001	0	0
Local Assistance	5,639,761.97	0	0	0
Total Program Costs	\$6,919,813.47	\$1,441,265	\$1,286,084	\$1,286,795
General Fund	1,110,272.13	1,244,901	1,106,908	1,107,619
State Special Revenue Fund	5,696,693.97	55,621	57,048	57,048
Federal & Other Spec Rev Fund	112,847.37	140,743	122,128	122,128
Total Funding Costs	\$6,919,813.47	\$1,441,265	\$1,286,084	\$1,286,795
Current Level Services	6,919,813.47	1,441,265	1,286,084	1,286,795
Total Service Costs	\$6,919,813.47	\$1,441,265	\$1,286,084	\$1,286,795

Program Description

The Natural Resource and Corporation Tax Division administers 17 different taxes. These include Corporation License Tax, Oil & Gas Severance Tax, Coal Severance Tax, Metal Mines Tax, Gross & Net Proceeds Tax, Electrical Energy License Tax and the Resource Indemnity Trust Tax.

The Division also administers the State and Federal Royalty audit programs related to mineral production from State and Federal lands located in Montana.

Taxes administered by the Division generate \$200-\$250 million in State revenue and \$100-\$150 million in County revenue annually.

Issues Addressed/Legislative Intent

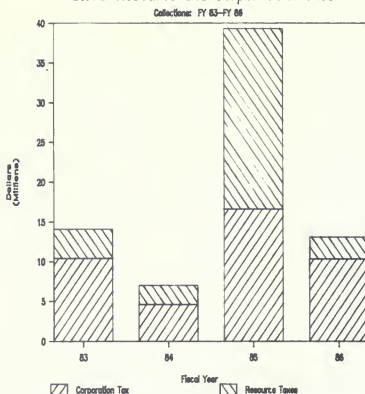
The budget for the Natural Resources and Corporation Tax Division increases slightly in the 1989 biennium. The FTE level decreases by .83 FTE, attributable to absorption of the pay plan, and a continuance of the FY87 FTE level which was .33 FTE lower than the FY86 level. Two FTE that were "sunsetted" by the 49th Legislature were continued as permanent positions.

Operating expenses decrease from the FY86 level due to deletion of one time expenses attributable to the property reappraisal effort in FY86.

State special funding is from the oil and gas special revenue account and from the state lands resource development account. Federal funds support three auditors which are assigned to federal mineral royalty audits.

The following table and graph show revenue collected by corporation tax auditors for both corporation taxes and natural resource taxes. In FY85, \$10.5 million of the amount collected for corporation taxes was the result of an audit of ARCO. In addition, after review of the windfall profits tax, property value was amended in FY85 which resulted in additional natural resource taxes totalling almost \$18.9 million. These two occurrences explain the large increase in revenues shown in FY85.

Natural Resource and Corporation Taxes



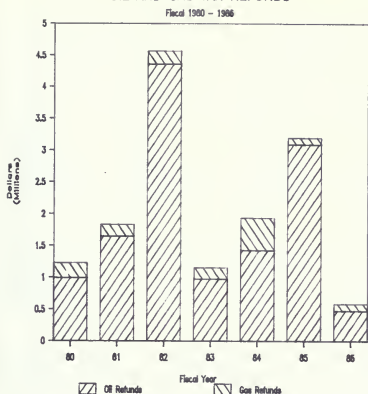
Collections From Corporation Tax Auditors

	FY 83	FY 84	FY 85	FY 86
Corporation Tax	\$10,396,020	\$4,616,498	\$16,627,269	\$10,312,274
Natural Resource Tax	\$3,687,780	\$2,375,770	\$22,694,057	\$2,761,158
Total Collected	\$14,083,800	\$6,992,268	\$39,321,326	\$13,073,432

The following table and graph show dollar refunds made for oil and gas. These refunds, authorized in Section 15-36-112 MCA, are allocated to counties for increased production of

oil and gas. HB 776 exempts new production from the oil and natural gas severance taxes for two years. County refunds should show a decrease because of this exemption.

OIL AND GAS TAX REFUNDS

Oil and Gas Tax Refunds
Refunds to Counties

Yr	Oil	Gas	Total
80	\$992,489	\$234,107	\$1,226,596
81	\$1,644,110	\$183,790	\$1,827,900
82	\$4,353,485	\$206,760	\$4,560,245
83	\$973,190	\$176,928	\$1,150,118
84	\$1,422,334	\$509,262	\$1,931,596
85	\$3,087,474	\$104,910	\$3,192,384
86	\$475,922	\$106,915	\$582,837

Total County Refunds
1980-1986

County	Oil	Gas	Total
Beaverhead	\$0	\$27	\$27
Big Horn	\$13,722	\$166	\$13,888
Blaine	\$103,762	\$358,256	\$462,018
Carbon	\$71,042	\$55,904	\$126,946
Carter	\$0	\$2,441	\$2,441
Choteau	\$244	\$32,364	\$32,608
Custer	\$0	\$4,271	\$4,271
Daniels	\$44,026	\$36	\$44,062
Dawson	\$169,456	\$776	\$170,232
Fallon	\$1,588,947	\$25,860	\$1,614,807
Fergus	\$0	\$3,047	\$3,047
Garfield	\$208,575	\$0	\$208,575
Glacier	\$582	\$137,362	\$137,944
Golden Valley	\$18,534	\$4,485	\$23,019
Hill	\$5,238	\$198,178	\$203,416
Liberty	\$49,437	\$47,187	\$96,624
Madison	\$1,826	\$0	\$1,826
Musselshell	\$395,794	\$0	\$395,794
Petroleum	\$166,001	\$152	\$166,153
Phillips	\$0	\$108,379	\$108,379
Pondera	\$209,337	\$86,052	\$295,389
Powder River	\$0	\$3,718	\$3,718
Prairie	\$85,506	\$0	\$85,506
Richland	\$2,962,373	\$36,753	\$2,999,126
Roosevelt	\$2,211,908	\$49,142	\$2,261,050
Rosebud	\$3,047	\$383	\$3,430
Sheridan	\$2,189,993	\$78,385	\$2,268,378
Stillwater	\$33,485	\$17,904	\$51,389
Teton	\$66,154	\$111,757	\$177,911
Toole	\$530,326	\$104,059	\$634,385
Treasure	\$0	\$1,407	\$1,407
Valley	\$1,344,171	\$45,900	\$1,390,071
Wibaux	\$83,317	\$8,321	\$91,638
Yellowstone	\$392,201	\$0	\$392,201
Total Refund	\$12,949,004	\$1,522,672	\$14,471,676

PROPERTY VALUATION Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	464.40	425.80	409.25	421.25
Personal Services	9,683,646.51	8,379,991	8,476,452	8,701,540
Operating Expenses	1,661,654.02	1,793,454	1,657,915	1,838,161
Equipment	242,845.23	57,466	81,661	205,181
Total Program Costs	\$11,588,145.76	\$10,230,911	\$10,216,028	\$10,744,882
General Fund	11,563,145.76	10,230,911	10,216,028	10,244,093
State Special Revenue Fund	25,000.00	0	0	0
Federal & Other Spec Rev Fund	0.00	0	0	500,789
Total Funding Costs	\$11,588,145.76	\$10,230,911	\$10,216,028	\$10,744,882
Current Level Services	11,588,145.76	10,230,911	10,216,028	10,744,882
Total Service Costs	\$11,588,145.76	\$10,230,911	\$10,216,028	\$10,744,882

Program Description

The Property Assessment Division is responsible for performing all tasks necessary to secure a fair, just, and equitable valuation of all taxable property among counties, between different classes of property, and between individual taxpayers.

Specific duties to accomplish this legislative mandate include:

- Completing reappraisal of all real property every 5 years;
- Auditing taxable values to be sure they reflect market value;
- Centrally assessing railroads, public utilities, and airlines to ensure assessments are completed on mine net proceeds, oil and gas net proceeds, coal gross proceeds, and metal mines gross proceeds;
- Defending Department of Revenue in tax appeals before county and state tax appeal boards and the courts;
- Conducting schools for assessors and appraisers.

The work is done in 56 counties, in appraisal and assessment offices under the direct supervision of 8 area managers and a small staff in Helena. The Helena office also appraises all intercounty and industrial property, defends the lawsuits, and regularly audits all county offices.

The Division staffs' appraisal offices must use the elected assessors in 51 counties as agents to carry out its mandate. In FY87 the Division reorganized to reduce the duplication

of time, effort, and money in the counties. The county appraisal and assessment offices are combined with one budget. The Helena office combined the appraisal and assessment bureaus and centralized the auditing of both the appraisal and assessment function in the county offices.

A minimum of 20% of reappraisal must be completed each year of the new 5 year reappraisal cycle. Assessment of all property subject to property tax is an annual requirement.

Issues Addressed/Legislative Intent

The budget for the Property Assessment Division declines by over \$2 million per year when FY86 is compared to FY88 and FY89. A large portion of the reduction represents elimination of expenses associated with the reappraisal cycle in FY86.

Personal service expenditures decrease due to the reduction of 24 "sunsetting" FTE that were approved for FY86 to finish the reappraisal work. The legislature further reduced the staff by 5.0 FTE area managers and 2 FTE area field supervisors. In addition, 37.05 FTE were eliminated due to absorption of the unfunded pay plan. Finally, 1.0 FTE was added in FY88 to assist with the department's proposal to put all real property assessment data on the state's mainframe computer. (See discussion of the approved on-line data system below.)

Changes to base level operating expenses include \$46,000 in FY88 to contract with local private appraisers to develop a

unit cost analysis to be used in the next appraisal cycle, and for a subscription to the Marshall valuation service. Travel costs were reduced \$12,000 per year. Only assessors and deputy assessors will travel to training sessions. The information can then be passed on to the local field office staff.

Finally, this program's budget was increased \$140,000 per year. This amount represents computer usage that took place in FY86 but was charged to other divisions within the department.

The legislature approved a modified request of \$60,000 annually for the department to defend the state against expected appeals from railroad and powerline tax assessments. This modified is line-itemed in HB2.

The legislature approved the division's request to alter the method of data collection and storage regarding real property appraisals. In the last biennium, the department shared computer systems in 19 counties and paid these counties a total of \$240,000. This amount was reduced to \$120,000 in the June, 1986 Special Session. The legislature approved a proposal to capture the data on the 19 different county systems for real property assessments on the state mainframe computer. The county computer systems will continue to be used for personal property assessment information, and the state will pay the counties \$60,000 for this service. The \$60,000 level of payment is based upon the fact that personal property is about one quarter of the division's workload. As \$240,000 was determined to be a fair reimbursement in FY86, this payment was reduced by three-quarters.

This change was necessitated by the fact that agricultural and timbered land value was frozen during the last reap-

praisal cycle, and was not entered on the county computer data bases. During the current reappraisal cycle, these parcels are no longer frozen, and will be reappraised. The sheer volume of these frozen parcels will overload many of the existing memory capacities of the county computers. Fifty one million acres of agricultural land data must be entered into the data base. To avoid this problem, it was decided to consolidate all real property data at the state level.

This decision resulted in additional funding for computer time totalling \$46,000 in FY88 and \$84,000 in FY89, while reducing payments to counties for use of their computers by \$133,500 in FY88 and \$164,000 in FY89. Postage costs were also decreased \$22,600 in FY88 and reduced \$25,000 in FY89 due to the implementation of this proposal.

Budgeted equipment purchases include eight vehicles per year totalling \$52,000 annually. The modified proposal approved the purchase of computer equipment totalling \$19,600 in FY88 and \$136,600 in FY89.

Other Appropriation Bills

SB200 The Legislature approved SB200 which changes the method that vehicles are taxed from a flat fee system based on the weight and age of the vehicle to 2% of the wholesale value of the vehicle. This change adds 36 FTE in FY88 and 34 FTE in FY89 to implement the provisions of this legislation. This legislation results in additional appropriations totalling \$624,650 in FY88 and \$591,451 in FY89.

HB436 This legislation requires that there be on-site appraisals of 20% of all property in classes 3,4,12,13 and 14 each year and to require revaluation of the remaining 80% of property in these classes based on on-site appraisals.

MISCELLANEOUS TAXES Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	18.65	19.32	.00	.00
Personal Services	390,352.74	382,245	0	0
Operating Expenses	97,563.96	80,536	0	0
Equipment	9,626.00	610	0	0
Total Program Costs	\$497,542.70	\$463,391	\$0	\$0
General Fund	429,010.20	399,447	0	0
State Special Revenue Fund	68,532.50	63,944	0	0
Total Funding Costs	\$497,542.70	\$463,391	\$0	\$0
Current Level Services	497,542.70	463,391	0	0
Total Service Costs	\$497,542.70	\$463,391	\$0	\$0

Program Description

This program was consolidated with the Income Tax Division in FY 87 and the Legislature approved the transfer.

MOTOR FUEL TAX Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	26.50	27.17	25.00	25.00
Personal Services	563,570.98	535,566	517,920	517,828
Operating Expenses	98,036.12	131,457	184,245	190,521
Equipment	19,750.15	0	8,620	0
Total Program Costs	\$681,357.25	\$667,023	\$710,785	\$708,349
State Special Revenue Fund	681,357.25	667,023	710,785	708,349
Total Funding Costs	\$681,357.25	\$667,023	\$710,785	\$708,349
Current Level Services	681,357.25	667,023	710,785	708,349
Total Service Costs	\$681,357.25	\$667,023	\$710,785	\$708,349

Program Description

The Motor Fuel Tax program enforces compliance and administers license taxes on gasoline and diesel fuel. It also administers the refund provisions of the tax laws, supervises the bonding requirements of distributors, dealers and users to insure the proper collection of the license taxes, and issues permits and licenses to distributors, dealers and users.

The Motor Fuels Tax Division administers and enforces the motor fuel tax law. This includes the issuance of licenses and permits, collection of taxes enforcement of the bonding requirements and payment of refunds. Revenue is ear-

marked to the Department of Highways, state parks, Department of Commerce and cities and counties.

Issues Addressed/Legislative Intent

The budget for the Motor Fuels Division increases from the FY86 level. Personal services decrease due to the reduction of 1.5 FTE to absorb the FY87 unfunded pay plan. Operating expenses increase reflecting the costs of running the new computer system developed in FY86. The cost is budgeted at \$83,358 in FY88 and at \$89,601 in FY89. Equipment includes one vehicle in FY88.

This division is funded entirely from state special revenue derived from the gas and diesel taxes.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	385.80	388.09	357.09	361.09
Personal Services	9,827,279.04	9,939,413	9,502,346	9,550,938
Operating Expenses	20,559,293.35	20,166,583	20,049,314	20,174,466
Equipment	560,071.39	1,734,431	1,587,507	1,385,418
Capital Outlay	121,418.82	0	0	0
Benefits and Claims	16,274,298.69	0	0	0
Transfers	12,448,650.20	691,791	1,392,519	1,381,803
Debt Service	3,136,295.40	1,797,236	2,137,065	2,132,408
Total Agency Costs	\$62,927,306.89	\$34,329,454	\$34,668,751	\$34,625,033
General Fund	16,073,522.42	3,710,496	3,857,082	3,650,505
State Special Revenue Fund	1,162,125.96	895,448	866,833	859,579
Capital Projects Fund	1,307,009.90	602,907	619,273	621,201
Proprietary Fund	44,384,648.61	29,120,603	29,325,563	29,493,748
Total Funding Costs	\$62,927,306.89	\$34,329,454	\$34,668,751	\$34,625,033
Current Level Services	62,927,306.89	34,329,454	34,668,751	34,625,033
Total Service Costs	\$62,927,306.89	\$34,329,454	\$34,668,751	\$34,625,033

Agency Description

The Department of Administration was established under the Executive Reorganization Act of 1971 (section 2-15-1001, MCA). The department's major responsibilities include providing centralized services for state agencies in the following areas: accounting and financial reporting; capitol complex building maintenance; capitol security; state bonded indebtedness administration, state treasury services, insurance coverage, Tort Claims Act administration, systems development, telecommunications; data processing; person-

nel management and labor relations; purchasing; duplicating, mail and messenger services; and records management. The department also administers the state Long Range Building Program, state employee group benefits program, and the various state retirement systems.

In addition, the Board of Examiners, State Tax Appeal Board, Workers' Compensation Judge, Board of Investments, Public Employees' Retirement Board, and Teachers' Retirement Board are attached to the department for administrative purposes only.

DIRECTOR'S OFFICE Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	8.00	8.00	8.00	8.00
Personal Services	263,130.09	272,705	277,016	276,725
Operating Expenses	23,033.79	26,965	26,207	27,117
Equipment	11,581.24	0	0	0
Total Program Costs	\$297,745.12	\$299,670	\$303,223	\$303,842
General Fund	253,154.13	257,695	254,147	255,153
Proprietary Fund	44,590.99	41,975	49,076	48,689
Total Funding Costs	\$297,745.12	\$299,670	\$303,223	\$303,842
Current Level Services	297,745.12	299,670	303,223	303,842
Total Service Costs	\$297,745.12	\$299,670	\$303,223	\$303,842

Program Description

The staff of the Central Administration Program are currently responsible for overall supervision and coordination of the department's ten divisions and the four administratively attached boards and agencies. The staff also provide legal services, internal management reviews, and assistance

in special projects to the divisions and bonding expertise for the Board of Examiners.

Issues Addressed/Legislative Intent

This program is funded 16% proprietary fund and 84% general fund. The proprietary funds are fees from six divisions (Table 1) for legal services provided by 1.375 FTE of the

DEPARTMENT OF ADMINISTRATION

legal unit. The balance of the 2.0 FTE attorney positions is covered by the general fund.

Vacancy savings of 4% was set for this program.

Table 1
Director's Office - Legal Unit
Distribution of Costs
1989 Biennium

Unit	FTE/Position	FY88	FY89
Information Services Division	1/4 FTE Lawyer IV	\$9,815	\$9,744
Teachers Retirement Division	1/8 FTE Lawyer IV	4,908	4,872
Public Service Retirement Division	3/8 FTE Lawyer III	13,602	13,497
Architecture & Engineering Division	1/2 FTE Lawyer III	18,138	17,996
Publications & Graphics Division	1/16 FTE Lawyer III	2,268	2,249
Property & Supply Bureau	1/16 FTE Lawyer III	2,267	2,250
Total		<u>\$50,998</u>	<u>\$50,608</u>

GOVERNOR ELECT PROGRAM
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	0.00	0	0	5,000
Total Program Costs	\$0.00	\$0	\$0	\$5,000
General Fund	0.00	0	0	5,000
Total Funding Costs	\$0.00	\$0	\$0	\$5,000
Current Level Services	0.00	0	0	5,000
Total Service Costs	\$0.00	\$0	\$0	\$5,000

Issues Addressed/Legislative Intent

Section 2-15-221(5), MCA, requires provision of a governor elect budget. The original request of the Department of

Administration was \$25,000, the legislature approved \$5,000.

ACCOUNTING PROGRAM
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	12.25	12.50	12.00	12.00
Personal Services	316,109.64	319,516	323,575	323,553
Operating Expenses	499,652.12	489,018	537,315	504,522
Equipment	12,981.40	0	0	0
Total Program Costs	\$828,743.16	\$808,534	\$860,890	\$828,075
General Fund	828,743.16	808,534	860,890	828,075
Total Funding Costs	\$828,743.16	\$808,534	\$860,890	\$828,075
Current Level Services	828,743.16	808,534	860,890	828,075
Total Service Costs	\$828,743.16	\$808,534	\$860,890	\$828,075

Program Description

The Accounting Division's staff operate and maintain the Statewide Budgeting and Accounting System (SBAS) and the Property Accountability Management System (PAMS). SBAS is used by all State agencies, including universities and vocational technical centers, to account for the State's financial affairs. The system controls agencies' use of appropriation authority and cash balances in accordance with legal mandates. The division controls the inflow of data to SBAS and distributes daily, monthly and year-end reports that summarize agencies' accounting transactions. The staff establish the State's accounting policies in accordance with generally accepted accounting principles and provide accounting assistance and instruction to agencies. The Accounting Division prepares and distributes the State's annual financial report and the Statewide Indirect Cost Allocation Plan.

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program.

The Accounting Division's budget pays the cost of operating the Statewide Budget and Accounting System (SBAS), including staff support for the system. The division is authorized 12.0 FTE for the 1989 biennium. In addition to the division administrator and secretary, there are three clerical staff and a supervisor responsible for the day-to-day flow of information into and out of the system, three profes-

sional accountants responsible for state accounting policies and financial reporting, and three data processing specialists responsible for system operations.

The 12.0 FTE biennium staff level is down .5 FTE from the 1987biennium. A .25 FTE accounting clerk III position was transferred to the Personnel Division during FY86. Another one-quarter of the accounting clerk III position was deleted as part of the June 1986 Special Session 5% reductions.

Off-site printing for approximately 14 state agencies will be implemented during FY88 at an estimated \$13,500 general fund annual savings to this program. The division will continue to realize an annual savings of approximately \$29,000 by not verifying most SBAS, PAMS, and ICC documents. A change implemented in FY87 as part of the June 1986 Special Session 5% reductions.

\$31,341 in FY88 and \$53,214 in FY89 are included in the program budget to allow for user growth in document processing (SBAS, PAMS).

\$25,000 of general fund was authorized on a contingency fee basis to contract for assistance in the preparation of the Statewide Cost Allocation Plan (SWCAP) used in the negotiation of an indirect cost rate with the U.S. Department of Health and Human Services. The funds were authorized for FY88.

ARCH & ENGINEERING PGM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	14.96	15.50	15.25	15.25
Personal Services	418,279.03	467,275	460,222	459,897
Operating Expenses	86,525.21	80,740	97,822	100,443
Equipment	26,355.89	3,704	2,428	2,060
Transfers	536,737.00	544,106	560,472	562,400
Total Program Costs	\$1,067,897.13	\$1,095,825	\$1,120,944	\$1,124,800
State Special Revenue Fund	531,160.13	551,719	560,472	562,400
Capital Projects Fund	536,737.00	544,106	560,472	562,400
Total Funding Costs	\$1,067,897.13	\$1,095,825	\$1,120,944	\$1,124,800
Current Level Services	1,067,897.13	1,095,825	1,120,944	1,124,800
Total Service Costs	\$1,067,897.13	\$1,095,825	\$1,120,944	\$1,124,800

Program Description

The function of the Architecture and Engineering Division, as authorized in Title 18, chapter 1 & 2, MCA, is to handle state building construction in a functional and aesthetic manner and at an affordable cost.

The division staff are responsible for contract administration, bid letting and supervision of architects and engineers during construction of buildings for the state. The Long Range Building Program is prepared by this division.

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program.

15.5 FTE were authorized for this program during the 1987 biennium and 15.25 FTE authorized for the 1989 biennium for a net reduction of a .25 FTE. One-quarter of a position was transferred to the Information Systems Division. The

1985 Legislative Session approved an additional secretarial position, but it was deleted to satisfy part of the June 1986 Special Session 5% cutbacks. A purchasing agent III position was transferred from the Purchasing Division to this program in order to provide specialized purchasing activities for the division.

\$3200 for the printing of the Long-Range Building Plan was included in FY89.

The program requires a transfer appropriation from the Capital Project Fund in an amount equal to the State Special Revenue Fund. The Capital Project Fund supports the program, but actual expenditures are made from the State Special Revenue Account.

Cigarette tax, interest on bond proceeds, and supervisory fees for non-Long-Range Building Projects support the Long-Range Building Cash Account, in the Capital Project Fund.

PUBLICATIONS AND GRAPHICS Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	27.00	31.75	26.50	30.50
Personal Services	616,645.15	696,136	626,858	706,634
Operating Expenses	2,563,371.00	2,941,759	2,852,598	3,064,666
Equipment	3,356.50	340,105	9,408	0
Debt Service	59,777.54	0	375,553	375,553
Total Program Costs	\$3,243,150.19	\$3,978,000	\$3,864,417	\$4,146,853
Proprietary Fund	3,243,150.19	3,978,000	3,864,417	4,146,853
Total Funding Costs	\$3,243,150.19	\$3,978,000	\$3,864,417	\$4,146,853
Current Level Services	3,243,150.19	3,978,000	3,864,417	4,146,853
Total Service Costs	\$3,243,150.19	\$3,978,000	\$3,864,417	\$4,146,853

Program Description

The staff of the Publications and Graphics Division offer services in printing, duplicating, computerized typography, layout and design, graphic and illustrative art, forms design, photo-reprographics, binding and quick copy. They are

responsible for all printing and printing-related purchasing for state government and offer printing coordination and specification writing to user agencies (section 18-7-101, MCA). The staff also operate the state's photocopier pool (section 2 17-301, MCA).

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program.

Half of an audit technician position was eliminated for the biennium. In addition the FY89 total FTE was reduced by .75 FTE. The reduction in FY89 will be staff specifically hired for the Legislative Session. These cuts were taken as part of the unfunded pay plan and June 1986 Special Session 5% cutbacks.

The program is funded by a proprietary account - user fees.

This program has three functions/control accounts purchasing and printing coordination, publications and graphics operations, and administration.

Purchasing & Printing Coordination

FY88 and FY89 goods for resale, budgeted at \$1,951,526 each year, are reflected at a twelve month level. FY86 actual represent approximately nine months. Beginning in FY86, the division became responsible for the coordination of all printing channeled to private printers. There are 2.5FTE in this control account.

Publications and Graphics Operations

This function/control account is authorized 18.5 FTE in FY88 and 22.5 FTE in FY89. The 4 FTE difference is temporary staff hired for the legislative session.

Debt service expenditures are for the installment purchase of printing equipment - principal \$98,206 and interest \$25,707.

Equipment authorized in FY88 are a collator and two map files.

Administration - Publications & Graphics

Debt service expenditures are for the installment purchase of photocopiers used in the agency's photocopy pool-principal \$217,569 and interest \$34,071. 5.50 FTE are authorized for this function.

HJR52 requests an interim study (without separate funding sources) on state printing and duplicating procedures. Concern was expressed by the private sector during the legislative session about the amount of printing prepared internally vs. commercial firms. Table 2 shows a comparison of total dollar value of all printing jobs while Table 3 compares the average dollar value per job.

Table 2
Publications and Graphics Division
Total Dollar Value - All Jobs
(In Thousands)
1986 - 1989

	FY86	FY87	FY88	FY89
Dollars:				
Commercial	\$2,028	\$2,356	\$2,231	\$2,592
Internal	1,066	1,133	1,005	1,247
Total	<u>\$3,094</u>	<u>\$3,489</u>	<u>\$3,236</u>	<u>\$3,839</u>
Percentage:				
Commercial	66%	68%	69%	68%
Internal	34%	32%	31%	32%

Table 3
Publications and Graphics Division
Average Dollar Value Per Job
1986 - 1989

	FY86	FY87	FY88	FY89
Commercial	\$2,593	\$2,315	\$2,594	\$2,314
Internal	\$ 71	\$ 63	\$ 77	\$ 63

INFORMATION SERVICES DIVISION Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	137.59	136.84	136.59	136.59
Personal Services	3,677,519.35	3,620,157	3,774,419	3,772,692
Operating Expenses	10,350,981.69	8,285,791	8,601,686	8,510,499
Equipment	358,730.67	1,309,423	1,561,960	1,376,963
Capital Outlay	121,418.82	0	0	0
Debt Service	924,673.00	1,797,236	1,758,236	1,754,398
Total Program Costs	\$15,433,323.53	\$15,012,607	\$15,696,301	\$15,414,552
Proprietary Fund	15,433,323.53	15,012,607	15,696,301	15,414,552
Total Funding Costs	\$15,433,323.53	\$15,012,607	\$15,696,301	\$15,414,552
Current Level Services	15,433,323.53	15,012,607	15,696,301	15,414,552
Total Service Costs	\$15,433,323.53	\$15,012,607	\$15,696,301	\$15,414,552

Program Description

The staff of the Information Services Division provides the following services to all state agencies: central mainframe computer processing; shared statewide data communications network services providing access to the central mainframe;

local and long distance telephone networking; design and development of telephone equipment, networking applications and other telecommunications needs; design, development and continuous maintenance support of dataprocessing applications; dataprocessing training and application devel-

opment support including data management (database) services; microcomputer and office automation support and consultation; record storage and microfilming services; Radio frequency coordination liaison with local government; dataprocessing planning, coordination and control of equipment and software acquisitions; disaster recovery facilities for critical dataprocessing applications.

Issues Addressed/Legislative Intent

Following is a breakdown of the Information Services Division budget by function/control account as appropriated by the legislature:

	FY88	FY89
Resource Management/Administration		
FTE	7.0	7.0
Personal Services	\$236,833	\$237,072
Operating Expenses	79,253	44,055
Total	\$316,086	\$281,127
Central Computer Operations		
FTE	76.45	76.45
Personal Services	\$1,919,580	\$1,918,242
Operating Expenses	2,355,677	2,428,820
Equipment	1,525,960	1,340,963
Total	\$5,801,217	\$5,688,025
Information Center		
FTE	12.0	12.0
Personal Services	\$334,404	\$334,596
Operating Expenses	77,054	77,373
Equipment	36,000	36,000
Total	\$447,458	\$447,969
Systems Development		
FTE	23.0	23.0
Personal Services	\$737,818	\$736,952
Operating Expenses	422,095	223,115
Total	\$1,159,913	\$960,067
Telecommunications		
FTE	16.14	16.14
Personal Services	\$482,801	\$482,941
Operating Expenses	5,653,919	5,723,354
Debt Service	1,758,236	1,754,398
Total	\$7,894,956	\$7,960,693
911 Emergency		
FTE	2.0	2.0
Personal Services	\$62,983	\$62,889
Operating Expenses	13,688	13,782
Total	\$76,671	\$76,671

Vacancy Savings of 4% was set for this division.

The Resource Management/Administration, Central Computer Operations, Information Center, and Systems Development programs of the Information Services Division (ISD) are funded from the central data processing proprietary fund. ISD will implement a new cost recovery system for computer-related services on July 1, 1987. Agencies will experience a reduction of 3.5% in FY88 and 7.0 in FY89 from FY86 actual costs. And an office automation subscription fee of \$20 per month per personal computer is a new charge being assessed agencies. Both the rate reduction and subscription fee have been built into agency budgets. Revenue to the proprietary fund from the subscription fee is anticipated to be \$90,000 in FY88 and \$99,120 in FY89, used to off-set some of the operational costs of the Information Center.

Resource Management/Administration

The FTE level remained constant at 7.0, however, a Planner III position was deleted as part of the June 1986 Special Session pay plan short fall and a systems analyst position was transferred from Systems Development.

Central Computer Operations

Two FTE were eliminated to support the June 1986 Special Session pay plan short fall.

Mainframe software program rental costs reflect anticipated increases of 14% in FY88 and 31% in FY89.

Goods from resale are software packages for IBM 8120 systems.

New software to be acquired will improve the utilization of the system and provide additional capacity-\$100,000 was authorized each year of the biennium.

Information Center

The personal computer software is currently available through Central Stores. This bureau handled the function (goods for resale) during FY86.

Systems Development

1.0 FTE systems analyst position was transferred to Management Resource/Administration.

A biennial \$200,000 line-itemed appropriation for contract programming to be used to satisfy requests that cannot be handled by staff.

Telecommunications

\$30,000 in FY88 was included in the program budget for acceptance testing of new digital network facilities. A study was completed in the 1987 biennium on redesigning the digital network and the acceptance testing would be the next step in the project.

Principal costs paid on lease participation notes have been off-set as a non-budgeted expenditure against debt service. FY86 actual debt service expenditures include interest amortization and trustee fees on the notes. FY88 and FY89 budgeted debt service includes principal, interest, and fees. The notes were sold to fund the new communication systems installed at University of Montana, Montana State University, Eastern Montana College and the capitol complex.

This program is funded by the telecommunications proprietary fund. Agencies are charged for the use and maintenance of the telecommunication system.

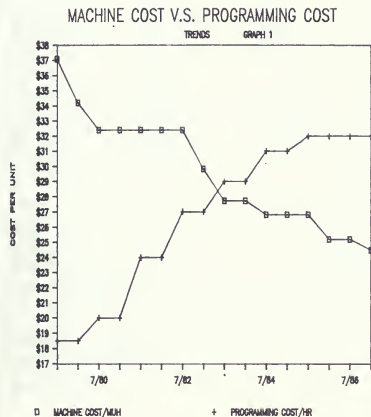
\$403,633 in FY88 and \$411,719 in FY89 has been approved for the centralization of payments to vendors for telephone equipment and maintenance. Some state agencies not on the state telecommunication system have been paying vendors directly. This would centralize all telecommunication payment for equipment and maintenance and could result in reduced costs to the state.

911 Program

Funding for this program will be generated by a monthly 25 cent per telephone access fee beginning January 1, 1987. The division is allowed 7% or actual expenses, whichever is less, for administrative costs. Revenue is estimated at \$1,095,300 for each year of the biennium. The balance of revenue collected will go to local governments to establish 911 systems.

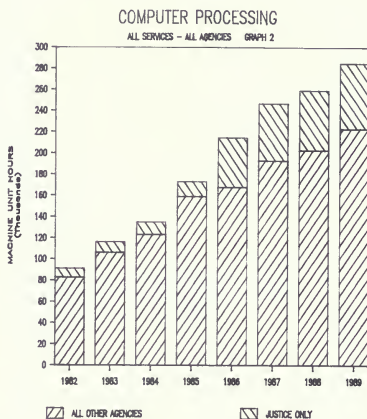
The use of computers and telecommunications is a cost effective way for state agencies to get the job done considering reduced budgets and limited staff. For example, agencies are reducing their travel and using long distant telephone calling/conference calling to accomplish job responsibilities.

Graph number 1 shows how the processing rate has decreased for computer processing on the central mainframe. By comparison, the rate for labor intensive services has steadily increased. A computer run processed on the central mainframe which cost \$100 in 1976 would only cost \$45 today. The cost of the people has approximately doubled in the same period of time.

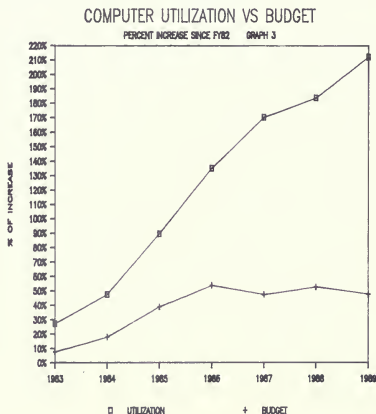


Graph number 2 shows the steady growth in central mainframe processing. The unit of measure is the MUH

(Machine Unit Hour) which serves as a measure of usage of all the components of the central system. In FY86, the Department of Justice was moved off the central mainframe in the Mitchell Building and on to the processor located at the National Guard Amory.



Graph number 3 shows the growth in central mainframe processing as a percentage from FY82.



GENERAL SERVICES PROGRAM Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	49.75	49.50	48.00	48.00
Personal Services	1,033,174.26	1,048,208	1,047,613	1,049,312
Operating Expenses	2,183,682.72	1,967,239	2,418,837	2,540,760
Equipment	898.97	0	5,150	0
Transfers	148,390.00	147,685	58,801	58,801
Total Program Costs	\$3,366,145.95	\$3,163,132	\$3,530,401	\$3,648,873
General Fund	434,682.85	527,952	408,324	420,996
Capital Projects Fund	20,608.73	58,801	58,801	58,801
Proprietary Fund	2,910,854.37	2,576,379	3,063,276	3,169,076
Total Funding Costs	\$3,366,145.95	\$3,163,132	\$3,530,401	\$3,648,873
Current Level Services	3,366,145.95	3,163,132	3,530,401	3,648,873
Total Service Costs	\$3,366,145.95	\$3,163,132	\$3,530,401	\$3,648,873

Program Description

The General Services Division staff provide the following services in the capitol complex: repair, maintenance, security and custodial. They also manage contracts providing additional services for the complex, including mechanical maintenance, pest control, elevator repair, and garbage collection (section 2-17 111, MCA).

Issues Addressed/Legislative Intent

General Services A 4% vacancy savings factor was set for this program.

The rental rates approved for state agencies in the capitol complex are:

	FY88	FY89
Office Rate	\$2.97 sq. ft.	\$3.08 sq. ft.
Warehouse Rate	\$2.22 sq. ft.	\$2.33 sq. ft.

The rates do not include grounds maintenance provided by the Department of Fish, Wildlife & Parks. They will be billing agencies directly.

At the end of FY89, the maximum working capital the division may carry over to the 1991 biennium is \$320,000.

A total of 1.5 FTE were eliminated from this program: .5 FTE security guard; .5 FTE architect; and two .25 FTE

maintenance workers. These reductions were taken as part of the permanent June 1986 Special Session reductions.

The program is funded by three sources - capital projects fund, proprietary and general fund. \$58,801 annually is allocated from the capital project account (Capital Land Grant) for capitol building maintenance. The proprietary account consists of the square footage rate charged agencies (both office and warehouse space) and \$60,000 annually of anticipated direct reimbursement for special projects from state agencies. The general fund is 12% of the total operating budget less the capital project fund. The 12% is based on FY86 actual. The general fund supports the services provided for the common area space in the complex governor and legislative space in the capitol, museum space in the historical society building, and Governor's Executive Residence.

Management Memo 2.86-5 directs that general fund support to proprietary operations should be appropriated in the general fund as either a transfer out or expenditure, and appropriated again in the proprietary fund as an expenditure. For this program the general fund is appropriated as an expenditure and then again as a proprietary fund expenditure. The capitol projects fund is appropriated as an operating transfer.

Section 17-2-108, MCA, requires agencies to expend non-general fund first whenever possible before expending general fund.

The operating expenses associated with the security portion of the program, are maintained at current level and include a 4% vacancy savings factor.

Two tables have been prepared to show first a comparison of the square footage rates for both office space and warehouse space and secondly, the total square footage of state owned leased space and private leased space.

Table 4
General Services Division
State Owned Space
Square Foot Rental Rates
1980 - 1989

<u>Fiscal Year</u>	<u>Office Rate</u>	<u>Warehouse Rate</u>
1980	\$2.13	N/A
1981	\$2.25	\$1.45
1982	\$2.62	\$1.45
1983	\$2.69	\$1.72
1984	\$3.11	\$1.95
1985	\$3.34	\$2.07
1986	\$2.98	\$2.17
1987	\$2.92	\$2.28
1988	\$2.97	\$2.22
1989	\$3.08	\$2.33

NOTE: Grounds maintenance charges are not included in FY88 and FY89.

Table 5
General Services Division
Leased Space - State Owned and Private
Square Footage
1980 - 1989

<u>Fiscal Year</u>	<u>State Owned</u>	<u>Private</u>
1980	834,466	541,481
1981	948,160	
1982	1,052,141	218,702
1983	1,064,966	
1984	1,064,966	156,867
1985	1,064,966	
1986	1,173,198	
1987	1,173,198	211,592
1988	1,173,198	
1989	1,173,198	

PROPERTY AND SUPPLY BUREAU Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	16.00	17.00	15.50	15.50
Personal Services	356,370.67	378,202	355,301	355,265
Operating Expenses	2,038,335.37	2,998,961	2,524,891	2,518,492
Equipment	73,502.45	60,000	0	0
Total Program Costs	\$2,468,208.49	\$3,437,163	\$2,880,192	\$2,873,757
Proprietary Fund	2,468,208.49	3,437,163	2,880,192	2,873,757
Total Funding Costs	\$2,468,208.49	\$3,437,163	\$2,880,192	\$2,873,757
Current Level Services	2,468,208.49	3,437,163	2,880,192	2,873,757
Total Service Costs	\$2,468,208.49	\$3,437,163	\$2,880,192	\$2,873,757

Program Description

The Purchasing Division's Property and Supply Bureau, provides centralized purchasing and distribution of office and janitorial supplies for state agencies. The Bureau is responsible for the Surplus Property Program which disposes of property no longer needed by an agency.

Issues Addressed/Legislative Intent

A 4% vacancy savings factor was set for this program.

The Property and Supply Bureau is administered by the Purchasing Division and one-half of the administrator's salary is included in the proposed budget.

The program was authorized 17 FTE for the 1987 biennium. A 1.0 FTE warehouse worker position was deleted as part of the permanent June 1986 Special Session reductions, and a .5 FTE computer operator position was eliminated by legislative action. For a total decrease of 1.5 FTE.

The Goods for Resale budget allows for a 10% growth between FY86 actual and the biennium.

PURCHASING PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	16.25	15.50	12.50	12.50
Personal Services	409,057.56	356,976	314,815	314,475
Operating Expenses	83,675.08	98,980	89,127	89,931
Equipment	2,081.72	850	0	0
Total Program Costs	\$494,814.36	\$456,806	\$403,942	\$404,406
General Fund	494,814.36	456,806	403,942	404,406
Total Funding Costs	\$494,814.36	\$456,806	\$403,942	\$404,406
Current Level Services	494,814.36	456,806	403,942	404,406
Total Service Costs	\$494,814.36	\$456,806	\$403,942	\$404,406

Program Description

The Purchasing Division provides a centralized purchasing service for executive, judicial and legislative branch state agencies as required by Title 18, chapter 4, MCA. By concentrating purchases in a central entity, state government can achieve standardization of specifications, eliminate duplication of effort between state agencies and receive lower costs as a result of volume buying. The Purchasing Division has staff skilled in and who devote their full time to the business of purchasing.

The Purchasing Division's Purchasing Bureau, investigates possible sources for products, determines alternate product possibilities; prepares specifications, and enforces the terms and conditions outlined in purchase orders issued. The Bureau ensures compliance with purchasing law and rule for

agencies with delegated purchasing authority and provides technical assistance with their purchases.

Issues Addressed/Legislative Intent

A 4% vacancy savings factor was set for this program.

One-half of the division administrator's salary is included in this program.

The Purchasing program was authorized 16.5 FTE for the 1987 biennium. A 1.0 FTE purchasing agent position was transferred to the Architecture and Engineering Division in FY86, as the position performed specialized purchasing functions identifiable to the program. A .5 FTE management analyst position was eliminated to meet the June 1986 Special Session pay plan shortfall. Legislative action elimi-

nated 2.5 FTE. This leaves an FTE level of 12.5 for the 1989 biennium.

MAIL & DISTRIBUTION BUREAU Budget Detail Summary		Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees		9.25	9.25	9.25	9.25
Personal Services		174,502.55	166,078	167,914	168,572
Operating Expenses		796,818.70	922,941	952,876	1,048,905
Equipment		0.00	8,875	6,420	6,195
Debt Service		255.00	0	3,276	2,457
Total Program Costs		\$971,576.25	\$1,097,894	\$1,130,486	\$1,226,129
Proprietary Fund		971,576.25	1,097,894	1,130,486	1,226,129
Total Funding Costs		\$971,576.25	\$1,097,894	\$1,130,486	\$1,226,129
Current Level Services		971,576.25	1,097,894	1,130,486	1,226,129
Total Service Costs		\$971,576.25	\$1,097,894	\$1,130,486	\$1,226,129

Program Description

The Central Mail Bureau staff provide mail service (U.S. Mail, Deadhead, UPS and Capitol Post Office) in the capitol complex (section 2-17-301, MCA). Users are billed for this service.

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program.

The budget for this program reflects an 11% annual volume increase for postage and mailing.

The debt service cost category - \$3,276 in FY88 and \$2,457 in FY89 - is lease purchase payments for a mail processing machine acquired in FY86.

Equipment purchases authorized were \$6,420 in FY88 for a mail processing machine and \$6,195 in FY89 for an electronic scale.

The program is supported by a proprietary account with four funding sources. Campus mail rates or charges accessed state agencies for the collection, sorting and distribution of deadhead mail; overhead costs of handling out-going mail - U.S. Postal Service or United Parcel Service; contract with U.S. Postal Service to operate the Capitol Post Office; and actual postage charges. Projected revenues from the four

sources to the proprietary account in each year of the biennium are as follows:

Source	FY88	FY89
Campus Mail Rates (deadhead)	\$110,376	\$110,376
Overhead Costs (out-going mail)	160,050	177,255
U.S. Postal Service Contract	38,976	38,976
Actual Postage Costs	821,084	899,522
Total	\$1,130,486	\$1,226,129

The largest single item of this program is postage and mailing. The following reflects the growth from FY80 to projected FY89:

Fiscal Year	Postage & Mailing
1980	\$281,069
1981	\$315,000
1982	\$504,611
1983	\$550,391
1984	\$581,834
1985	\$649,449
1986	\$746,199
1987	\$861,494
1988	\$914,570
1989	\$1,012,888

CENTRALIZED SERVICES DIVISION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	14.75	15.00	14.50	14.50
Personal Services	373,000.85	380,133	386,850	386,896
Operating Expenses	58,758.71	50,561	62,016	52,279
Equipment	9,637.92	123	0	0
Total Program Costs	\$441,397.48	\$430,817	\$448,866	\$439,175
General Fund	413,506.56	404,151	417,902	408,266
Proprietary Fund	27,890.92	26,666	30,964	30,909
Total Funding Costs	\$441,397.48	\$430,817	\$448,866	\$439,175
Current Level Services	441,397.48	430,817	448,866	439,175
Total Service Costs	\$441,397.48	\$430,817	\$448,866	\$439,175

Program Description

The staff of the Centralized Services Division perform three major functions. As a centralized service function, the division staff provide accounting and budgeting services for all divisions and programs of the Department of Administration. As Treasury for the State of Montana, the division staff receive and account for all money deposited by state agencies and redeem all state warrants presented for payment. As a personnel unit, the staff have responsibility for the personnel functions of the Department.

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program.

One-quarter of an accounting position was transferred to the Personnel Division during FY86. Another one-quarter of the position was eliminated as part of the June 1986 Special Session pay plan shortfall.

The program is supported with general fund except for an accounting specialist position and associated operating costs. The duties and responsibilities of this position are directly related to investment functions and are supported with investment income.

INVESTMENT PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	19.00	17.50	.00	.00
Personal Services	531,878.40	552,477	0	0
Operating Expenses	288,114.95	217,872	0	0
Equipment	3,148.49	7,200	0	0
Debt Service	1,810.80	0	0	0
Total Program Costs	\$824,952.64	\$777,549	\$0	\$0
Proprietary Fund	824,952.64	777,549	0	0
Total Funding Costs	\$824,952.64	\$777,549	\$0	\$0
Current Level Services	824,952.64	777,549	0	0
Total Service Costs	\$824,952.64	\$777,549	\$0	\$0

Program Description

The Board of Investments has the sole authority to invest state funds. It directs the investment of state funds in accordance with the Montana Constitution (Article VII, Section 13) and laws of the state (section 17-6-201, MCA). The Investment staff initiates the investment process for board

approval. The division's operations and the board's activities are funded by investment income.

Issues Addressed/Legislative Intent

The Board of Investments has been moved by SB298 to the Department of Commerce.

STATE PERSONNEL DIVISION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	38.00	37.25	37.00	37.00
Personal Services	980,255.38	978,682	1,011,018	1,010,139
Operating Expenses	678,604.23	302,330	305,618	307,989
Equipment	16,067.84	1,051	741	200
Benefits and Claims	14,869,504.04	0	0	0
Transfers	30,564.77	0	34,572	34,544
Total Program Costs	\$16,574,996.26	\$1,282,063	\$1,351,949	\$1,352,872
General Fund	950,164.80	967,288	937,855	940,614
Proprietary Fund	15,624,831.46	314,775	414,094	412,258
Total Funding Costs	\$16,574,996.26	\$1,282,063	\$1,351,949	\$1,352,872
Current Level Services	16,574,996.26	1,282,063	1,351,949	1,352,872
Total Service Costs	\$16,574,996.26	\$1,282,063	\$1,351,949	\$1,352,872

Program Description

The staff of the State Personnel Division provide state agencies with a comprehensive program of personnel administration including: position classification, collective bargaining and labor relations, group benefits plans, compensation plan and rules, deferred compensation, training, employee incentive awards, sick leave fund, equal employment and affirmative action, and health promotion. They publish State rules and policies dealing with recruitment, selection, discipline, grievance, performance appraisal, leave, affirmative action and other personnel related matters. They serve as staff to the Governor's Committee on the Employment of the Handicapped.

Issues Addressed/Legislative Intent

Following is a breakdown of the Personnel Division budget by function/control account as appropriated by the legislature:

	FY88	FY89
Personnel		
FTE	27.5	27.5
Personal Services	\$747,757	\$746,899
Operating Expenses	123,996	125,141
Total	\$871,753	\$872,040
Funding Source: General fund.		

	FY88	FY89
Employee Benefits		
FTE	6.5	6.5
Personal Services	\$171,940	\$171,866
Operating Expenses	127,338	128,910
Equipment	541	0
Total	\$299,819	\$300,776
Funding Sources:		
General Fund	\$31,530	\$34,030
Proprietary	\$268,289	\$266,746
Training		
FTE	3.0	3.0
Personal Services	\$91,321	\$91,374
Operating Expenses	54,284	53,938
Equipment	200	200
Transfers	34,572	34,544
Total	\$180,377	\$180,056
Funding Sources:		
General Fund	\$34,572	\$34,544
Proprietary	\$145,805	\$145,512
Vacancy savings of 4% was set for this program.		

A personnel technician position was transferred to the State Auditor's Office. The duties and responsibilities of the transferred position will not change. The position's activities are directly associated with the payroll system and should be included with the State Auditor's payroll section. The State Labor Relation Chief position has been split 50% charged to the Personnel function and 50% charged to the Employee Benefits function. In the 1987 biennium, the position was split 75/25 respectively between the two functions.

\$11,804 was line-itemed in each year of the biennium in the Employee Benefits budget. This is the state's contribution to the voluntary statewide genetics program. The program is funded by a 35 cent charge for each Montana resident insured with health coverage. HB716 authorizes the 35 cent charge from July 1, 1987, through June 30, 1989.

The Employee Benefit budget includes \$20,000 annually for increased health promotion activities.

Primarily the Employee Benefit budget is funded by a proprietary account - investment earnings of self insurance fund. The general fund supports the administration of the pay plan and includes \$3,000 in FY89 for the salary survey.

General fund in the Training budget supports 1.0 FTE. Fees from state sponsored training classes fund the major portion of the budget.

TORT CLAIMS DIVISION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	8.50	9.00	8.50	8.50
Personal Services	236,956.04	289,935	266,025	265,662
Operating Expenses	743,779.05	1,566,210	1,192,058	1,179,805
Equipment	2,000.80	1,450	0	0
Benefits and Claims	1,404,794.65	0	0	0
Transfers	447,739.23	0	738,674	726,058
Total Program Costs	\$2,835,269.77	\$1,857,595	\$2,196,757	\$2,171,525
Proprietary Fund	2,835,269.77	1,857,595	2,196,757	2,171,525
Total Funding Costs	\$2,835,269.77	\$1,857,595	\$2,196,757	\$2,171,525
Current Level Services	2,835,269.77	1,857,595	2,196,757	2,171,525
Total Service Costs	\$2,835,269.77	\$1,857,595	\$2,196,757	\$2,171,525

Program Description

The function of the Tort Claims Division is twofold. First, it must provide for the investigation, defense, and payment of bodily injury and property damage claims incurred by all agencies, officers and employees of the state of Montana under Article II, Section 18, Constitution of Montana, and the Montana Tort Claims Act. Second, the Division must assess the fire, casualty and bond risks of the state for all state-owned buildings, equipment, fixtures, boilers, aircraft, cash and securities, etc. and provide either commercial or self-insurance protection for the financial loss of such property.

The vast majority of the Division's time and effort is concentrated in the comprehensive general liability risks that are fully self-insured by the Division. Examples of coverages include owner/landlord tenant liability, professional errors and omissions, medical malpractice, defamation, false arrest and imprisonment, wrongful discharge, violation of covenants of good faith and fair dealing, civil rights violations, and general common law negligence. Activities of state government that may create financial liability but are not administered by the Division are such items as collective bargaining, unfair labor practice charges, employment discrimination claims under the Human Rights Act, claims payable by other state funds, i.e., claims against the uninsured employer's fund, retirement system benefits wrongfully denied, and the wrongful collection and distribution of taxes.

Issues Addressed/Legislative Intent

Language has been included in HB2 that allows the division to expend available self-insurance reserves and revenues to pay any deficit that may be incurred for property or liability insurance premiums due and payable through June 30, 1989. The agency would need this authority if the charges accessed to state agencies were insufficient to cover the premiums.

Vacancy savings of 4% was set for this program.

The program went from an FTE level of 9.0 authorized in the 1987 biennium to 8.5 for the 1989 biennium. One half of an administrative officer position was transferred to the Information Services Division in FY86.

Insurance premiums paid by this program for state agencies (property, fidelity bond, boiler, air craft) are budgeted at \$719,209 for each year of the biennium.

Two funding sources support this program. 1) Insurance charges assessed state agencies for commercial insurance premiums or amounts necessary for self-insurance which are deposited in self-insurance account. 2) interest earnings from the self-insurance account which support the administration costs of the division.

Statistical data for the Self-Insurance Fund is presented on Tables 6, 7 and 8.

Table 6
Tort Claims Division
Self-Insurance Program
Receipts, Expenditures & Fund Balance
1978 - 1987

FY	Receipts	Expenditures	Fund Balance
78	\$1,823,218	\$ 36,037	\$1,787,181
79	\$2,230,851	\$ 31,612	\$3,986,420
80	\$1,633,136	\$ 71,921	\$5,547,635
81	\$1,981,744	\$ 224,265	\$7,305,114
82	\$2,080,608	\$ 797,844	\$8,585,878
83	\$1,957,814	\$2,540,100	\$8,003,592
84	\$1,700,729	\$1,689,261	\$8,015,060
85	\$2,361,052	\$2,588,445	\$7,787,667
86	\$2,896,614	\$1,385,603	\$9,298,678
87	\$2,215,698	\$5,440,385	\$6,073,991

Table 7
Tort Claims Division
Self Insurance Claims
July 1, 1977 through April 30, 1987

FY	General Liability	Automobile Liability	Total Claims
78	107	0	107
79	109	0	109
80	133	0	133
81	84	0	84
82	109	0	109
83	95	0	95
84	137	0	137
85	104	0	104
86	190	167	357
87	153	114	267

Table 8
Tort Claims Division
Automobile Insurance
Premiums and Claims Paid
1982 - 1987

FY	Premiums Paid	Claims Paid
82	\$572,876	\$142,239
83	\$390,052	\$354,374
84	\$299,327	\$634,566
85	\$358,699	\$499,688
86	\$401,643	\$ 78,016
87	\$469,602	\$ 87,274

**PASSENGER TRAMWAY SAFETY
Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Personal Services	425.00	0	0	0
Operating Expenses	11,359.72	18,765	0	0
Total Program Costs	\$11,784.72	\$18,765	\$0	\$0
General Fund	11,784.72	0	0	0
State Special Revenue Fund	0.00	18,765	0	0
Total Funding Costs	\$11,784.72	\$18,765	\$0	\$0
Current Level Services	11,784.72	18,765	0	0
Total Service Costs	\$11,784.72	\$18,765	\$0	\$0

Program Description

This program will be transferred to the Department of Commerce, pending passage of legislation.

Issues Addressed/Legislative Intent

This program was transferred to the Department of Commerce by SB78.

**WORKERS COMPENSATION JUDGE
Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	9.00	8.00	8.00	8.00
Personal Services	227,541.17	214,646	224,152	223,949
Operating Expenses	50,313.16	108,668	82,209	73,230
Equipment	34,111.75	1,650	0	0
Total Program Costs	\$311,966.08	\$324,964	\$306,361	\$297,179
State Special Revenue Fund	311,966.08	324,964	306,361	297,179
Total Funding Costs	\$311,966.08	\$324,964	\$306,361	\$297,179
Current Level Services	311,966.08	324,964	306,361	297,179
Total Service Costs	\$311,966.08	\$324,964	\$306,361	\$297,179

Program Description

The Worker's Compensation Court Program adjudicates disputes between claimants and insurers involved in workers' compensation cases in accordance with Title 39, chapter 71, part 29, MCA.

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program.

Should the court be required to move from its current location, \$8,155 in FY88 for moving costs and \$19,500 for

annual rent have been included in the budget. The expenditures are line-itemed and the funding contingent upon the move.

A 1.0 FTE court reporter position was eliminated as part of the June 1986 Special Session 5% cuts. The court now contracts for these services.

The program is funded from the workers' compensation state special revenue account which receives workers' compensation insurance premiums.

Table 9 reflects the activities of the court.

Table 9
Workers' Compensation Court
Work Load
1981 - 1987

	FY81	FY82	FY83	FY84	FY85	FY86	FY87
Cases (petitions)	211	351	405	437	646	571	430
Filed							
Pretrials	192	294	321	393	441	416	417
Minute Book	190	258	189	137	150	126	71
Entries							
Procedural Orders	356	432	459	729	992	1004	531
Notice Given	398	565	659	763	1104	1196	772
Compromise Settle-ments	580	747	863	805	1055	1152	662

NOTE:

- 1 The court ceased making routine minute book entries for vacating and resettling cases and for dismissing without prejudice in FY83.
- 2 FY87 data in from 7-1-86 through 12-31-86.)

STATE TAX APPEAL BOARD Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	5.50	5.50	5.50	5.50
Personal Services	212,433.90	198,287	266,568.	237,167
Operating Expenses	102,287.85	89,783	306,054	150,828
Equipment	5,615.75	0	1,400	0
Total Program Costs	\$320,337.50	\$288,070	\$574,022	\$387,995
General Fund	320,337.50	288,070	574,022	387,995
Total Funding Costs	\$320,337.50	\$288,070	\$574,022	\$387,995
Current Level Services	320,337.50	288,070	574,022	387,995
Total Service Costs	\$320,337.50	\$288,070	\$574,022	\$387,995

Program Description

The State Tax Appeal Board was established by Article XIII, Section 7 of the Montana Constitution and 15-2-101 of the MCA to provide a tax appeal system for all actions of the Department of Revenue. It hears appeals from decisions of the 56 county tax appeal boards and takes original jurisdiction in matters involving income taxes (Section 15-30-147, MCA); corporate taxes (Section 15-31-532, MCA); and severance taxes, centrally assessed property, and new industry (Section 15-2-302, MCA). The board travels throughout the state to hear appeals from decisions of the county tax appeal boards. The State Tax Appeal Board conducts informational meetings on a district basis for the various county tax appeal boards. The State Tax Appeal Board reviews and pays the expenses of the 56 county tax appeal boards.

Issues Addressed/Legislative Intent

A 4% vacancy savings factor was applied to all positions in this program.

A line-itemed, biennial appropriation of \$33,750 has been approved to settle the manual disparity/34 percent issue. It is the intent of the legislature that the funds only be used for this purpose.

SB122 authorizes the board to contract for and use hearings officers when the workload warrants it. HB2 authorizes \$61,480 as a line-itemed biennial appropriation to support the costs of implementing the bill.

Additional funding for anticipated workload increases was approved for the biennium - \$164,627 in FY88 and \$75,313 in FY89.

There has been a substantial increase in the number of property tax appeals filed at both the county and state levels. Table 11 shows actual appeals from tax year 1977 through 1986 and projected 1987 through 1989.

Table 11
State Tax Appeal Board
Property Tax Appeals
1977 - 1989

Tax Year	County Appeals	State Appeals
1977	N/A	251
1978	N/A	1,396
1979	N/A	2,762
1980	N/A	2,405
1981	N/A	1,123
1982	N/A	1,208
1983	4,460	1,115
1984	1,484	371
1985	874	450
1986	14,789	3,054
1987	9,000	2,250
1988	5,000	1,250
1989	4,000	1,000

NOTE:

- 1 Tax years 1987, 1988 and 1989 are based on projected figures.
- 2 Tax year 1986 state appeals are as of 4-30-86.

BONDS & TANS Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Transfers	11,285,219.20	0	0	0
Debt Service	2,149,779.06	0	0	0
Total Program Costs	\$13,434,998.26	\$0	\$0	\$0
General Fund	12,366,334.34	0	0	0
State Special Revenue Fund	318,999.75	0	0	0
Capital Projects Fund	749,664.17	0	0	0
Total Funding Costs	\$13,434,998.26	\$0	\$0	\$0
Current Level Services	13,434,998.26	0	0	0
Total Service Costs	\$13,434,998.26	\$0	\$0	\$0

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	22.50	22.50	19.60	19.60
Personal Services	486,506.50	518,915	471,783	471,718
Operating Expenses	303,595.68	275,021	297,310	241,575
Equipment	23,152.25	2,500	1,395	1,481
Total Agency Costs	\$813,254.43	\$796,436	\$770,488	\$714,774
Non-expendable Trust Fund	813,254.43	796,436	770,488	714,774
Total Funding Costs	\$813,254.43	\$796,436	\$770,488	\$714,774
Current Level Services	813,254.43	796,436	770,488	714,774
Total Service Costs	\$813,254.43	\$796,436	\$770,488	\$714,774

The Public Employees' Retirement Division of the Department of Administration administers the retirement systems for the members and their beneficiaries of the Game Wardens', Highway Patrol, Judges', Public Employees', Sheriffs', Statewide Police, Unified Firefighters' and Volunteer Firefighters of Unincorporated Areas Retirement Systems as defined in Title 19, Chapters 3, 5, 6, 7, 8, 9, 12 and 13, MCA and the Federal-State Social Security Agreement as defined in Title II, Section 218 of the Social Security Act and Title 19, Chapter 1, MCA, subject to the goals and policies established by the Public Employees' Retirement Board.

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program.

The program budget reflects a reduction of 2.0 FTE and related operational expenses because the agency was notified that the collection and disbursement of social security contributions from state and local government entities would be transferred to the Internal Revenue Service. An additional .9 FTE was deleted as part of the June 1986 Special Session pay plan shortfall.

The program is funded from investment earnings of the Public Employees Retirement System.

PUBLIC EMPLOYEES RETIREMENT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	22.50	22.50	19.60	19.60
Personal Services	486,506.50	518,915	471,783	471,718
Operating Expenses	303,595.68	275,021	297,310	241,575
Equipment	23,152.25	2,500	1,395	1,481
Total Program Costs	\$813,254.43	\$796,436	\$770,488	\$714,774
Non-expendable Trust Fund	813,254.43	796,436	770,488	714,774
Total Funding Costs	\$813,254.43	\$796,436	\$770,488	\$714,774
Current Level Services	813,254.43	796,436	770,488	714,774
Total Service Costs	\$813,254.43	\$796,436	\$770,488	\$714,774

TEACHERS RETIREMENT BOARD

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	11.00	11.00	10.40	10.40
Personal Services	222,938.46	241,811	229,961	229,899
Operating Expenses	131,813.27	169,708	191,772	167,194
Equipment	1,389.01	0	0	0
Total Agency Costs	\$356,140.74	\$411,519	\$421,733	\$397,093
Non-expendable Trust Fund	356,140.74	411,519	421,733	397,093
Total Funding Costs	\$356,140.74	\$411,519	\$421,733	\$397,093
Current Level Services	356,140.74	411,519	421,733	397,093
Total Service Costs	\$356,140.74	\$411,519	\$421,733	\$397,093

Agency Description

The Teachers Retirement System provides retirement, disability, and survivor benefits for the state teachers and their beneficiaries. The Teachers' Retirement Board which is comprised of six members, all appointed by the Governor, is responsible for the administration of the System. To assist the Board in fulfilling these duties the Board employs a full-time staff. The program is regulated by Title 19, Chapter 4, MCA.

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program.

A .60 FTE was deleted to support the June 1986 Special Session pay plan shortfall.

This program is funded from investment earnings of the Teachers' Retirement System.

TEACHERS RETIREMENT PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	11.00	11.00	10.40	10.40
Personal Services	222,938.46	241,811	229,961	229,899
Operating Expenses	131,813.27	169,708	191,772	167,194
Equipment	1,389.01	0	0	0
Total Program Costs	\$356,140.74	\$411,519	\$421,733	\$397,093
Non-expendable Trust Fund	356,140.74	411,519	421,733	397,093
Total Funding Costs	\$356,140.74	\$411,519	\$421,733	\$397,093
Current Level Services	356,140.74	411,519	421,733	397,093
Total Service Costs	\$356,140.74	\$411,519	\$421,733	\$397,093

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	.54	.00	.00	.00
Personal Services	21,416.49	0	0	0
Operating Expenses	49,151.22	0	0	0
Capital Outlay	21,508,747.36	0	0	0
Transfers	2,945,242.61	0	0	0
Total Agency Costs	\$24,524,557.68	\$0	\$0	\$0
State Special Revenue Fund	1,211,670.26	0	0	0
Federal & Other Spec Rev Fund	176,652.67	0	0	0
Capital Projects Fund	23,114,124.09	0	0	0
Proprietary Fund	22,110.66	0	0	0
Total Funding Costs	\$24,524,557.68	\$0	\$0	\$0
Current Level Services	18,731,395.68	0	0	0
Budget Amended Services	5,793,162.00	0	0	0
Total Service Costs	\$24,524,557.68	\$0	\$0	\$0

Agency Description

In 1965, the Legislature implemented the Long Range Building Program. The program is delineated in sections 17-7-202 and 18-2-101 through 18-2-105, MCA.

The Long Range Building Program is presented in the front portion of this book.

LONG RANGE BUILDING PLAN

DEPARTMENTS & AGENCIES Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	34,175.29	0	0	0
Capital Outlay	6,917,939.22	0	0	0
Transfers	2,919,477.21	0	0	0
Total Program Costs	\$9,871,591.72	\$0	\$0	\$0
State Special Revenue Fund	1,113,676.83	0	0	0
Federal & Other Spec Rev Fund	176,652.67	0	0	0
Capital Projects Fund	8,559,151.56	0	0	0
Proprietary Fund	22,110.66	0	0	0
Total Funding Costs	\$9,871,591.72	\$0	\$0	\$0
Current Level Services	9,777,483.25	0	0	0
Budget Amended Services	94,108.47	0	0	0
Total Service Costs	\$9,871,591.72	\$0	\$0	\$0

UNIVERSITY SYSTEM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	8,782.59	0	0	0
Capital Outlay	7,225,849.22	0	0	0
Transfers	25,765.40	0	0	0
Total Program Costs	\$7,260,397.21	\$0	\$0	\$0
Capital Projects Fund	7,260,397.21	0	0	0
Total Funding Costs	\$7,260,397.21	\$0	\$0	\$0
Current Level Services	7,260,397.21	0	0	0
Total Service Costs	\$7,260,397.21	\$0	\$0	\$0

INSTITUTIONS Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	.54	.00	.00	.00
Personal Services	21,416.49	0	0	0
Operating Expenses	6,193.34	0	0	0
Capital Outlay	7,364,958.92	0	0	0
Total Program Costs	\$7,392,568.75	\$0	\$0	\$0
State Special Revenue Fund	97,993.43	0	0	0
Capital Projects Fund	7,294,575.32	0	0	0
Total Funding Costs	\$7,392,568.75	\$0	\$0	\$0
Current Level Services	1,693,515.22	0	0	0
Budget Amended Services	5,699,053.53	0	0	0
Total Service Costs	\$7,392,568.75	\$0	\$0	\$0

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	92.53	87.81	88.00	88.00
Personal Services	2,076,504.98	2,169,378	2,288,616	2,293,605
Operating Expenses	708,359.95	1,328,193	1,282,386	1,083,397
Equipment	136,570.49	90,944	99,603	131,835
Grants	556,008.19	766,000	1,320,601	1,320,601
Transfers	0.00	1,097	0	0
Total Agency Costs	\$3,477,443.61	\$4,355,612	\$4,991,206	\$4,829,438
General Fund	1,542,157.28	1,453,696	1,582,894	1,516,245
State Special Revenue Fund	793,603.76	1,120,773	1,424,812	1,291,224
Federal & Other Spec Rev Fund	858,194.23	1,370,219	1,688,601	1,729,827
Proprietary Fund	79,329.20	146,189	33,289	33,490
Expendable Trust Fund	204,159.14	264,735	261,610	258,652
Total Funding Costs	\$3,477,443.61	\$4,355,612	\$4,991,206	\$4,829,438
Current Level Services	3,389,022.82	4,355,612	4,991,206	4,829,438
Budget Amended Services	88,420.79	0	0	0
Total Service Costs	\$3,477,443.61	\$4,355,612	\$4,991,206	\$4,829,438

Agency Description

The Department of Agriculture was established by Article XII, Section I of the Montana Constitution. It is designed to encourage and promote the interests of all agricultural and allied industries in Montana; collect and publish statistics relating to the production and marketing of agricultural products; assist, encourage and promote the organization of farmers; gather and distribute marketing information; and

administer regulations pertaining to production and marketing of food and fiber products (section 8-1-102, MCA).

Issues Addressed/Legislative Intent

A four percent vacancy savings was applied to all programs in the agency.

Throughout the program budgets, it was the intent of the legislature to utilize fee revenue to the maximum. Specific changes to fee schedules will be highlighted by program.

CENTRALIZED SERVICES DIVISION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	12.25	11.25	11.25	11.25
Personal Services	314,868.06	325,261	381,464	381,665
Operating Expenses	83,473.98	565,645	466,441	423,393
Equipment	3,183.50	1,500	1,370	0
Grants	246,703.44	0	111,776	111,776
Total Program Costs	\$648,228.98	\$892,406	\$961,051	\$916,834
General Fund	304,891.98	271,276	264,469	252,481
State Special Revenue Fund	290,307.19	538,448	594,830	588,609
Federal & Other Spec Rev Fund	51,029.81	54,918	71,526	46,935
Proprietary Fund	2,000.00	1,900	0	0
Expendable Trust Fund	0.00	25,864	30,226	28,809
Total Funding Costs	\$648,228.98	\$892,406	\$961,051	\$916,834
Current Level Services	648,228.98	892,406	961,051	916,834
Total Service Costs	\$648,228.98	\$892,406	\$961,051	\$916,834

Program Description

Centralized Services Division provides accounting, fiscal management, payroll, personnel, purchasing, property con-

trol, data processing, equal opportunity administration and legal support to all programs within the department. Attached to the directors office, the weed management pro-

gram administers the noxious weed management trust fund and provides special grants for noxious weed control and eradication.

Issues Addressed/Legislative Intent

The budget for the 1989 biennium is the same as proposed by the executive.

The only change to FTE in this program was the continuation of a reduction of 1.0 FTE clerical position, first eliminated during the 1986 June Special Session for the unfunded pay plan.

The operating budget includes the following increases over the FY86 level:

Montana is hosting the Western States Agriculture Departments Conference (WASDA). \$10,750 of private funding is appropriated for this purpose in FY88.

Travel was increased by \$4,643 in FY88 and by \$3,057 in FY89 for the noxious weed coordinator and for travel related to the WASDA convention in FY88 only.

FY88 appropriation of \$11,416 from private funds for the purpose of assisting the state in developing localized weed programs.

In both years of the biennium indirect costs increased \$500.

\$20,000 was added each year for the Agriculture in Montana Schools Program.

There is an appropriation for equipment in only the first year of the biennium for office equipment.

The non-operating appropriation (grants) is the funding for noxious weed grants.

Noxious Weed Control: RIT funding of \$500,000 supported this program during the 1987 biennium. However, in the 1989 biennium the program will be supported from the pesticide tax with revenues estimated to be \$250,000 for the biennium. Of this amount 50% of the revenue goes to the noxious weed trust fund and 50% to the noxious weed control fund (Noxious Weed Act). As such, \$125,000 per year

will be available for noxious weed control from this funding source. Further, HB102 assesses a .50 cent weed control fee upon the annual registration of all motor vehicles with the proceeds to be used for chemical and non-chemical noxious weed management. \$371,325 in FY88 and \$374,325 in FY89 is appropriated from this funding source.

Centralized Services: Funding for this program is prorated to the various revenue sources which support the department's programs. The rate used was based on the personal services of each program in comparison to the total personal services to determine an individual program's support to centralized service. For the 1989 biennium 21% is assessed for FY88 and 19% for FY89. Programs which could not finance their complete share of administrative costs were subsidized with general fund. In addition, 2.5% of all grants is added into the funding of centralized services.

The noxious weed program which, is funded by a tax on herbicides and from a tax on motor vehicles (HB102), is housed in this program. (The noxious weed coordinator is funded with general funds.)

In FY88, \$11,416 of private funds are appropriated to develop a localized weed program. \$10,750 in private funding is also available for the WASDA convention in FY88.

Within proprietary funds appropriated to the department are revenues under the provisions of 80-2-221, MCA for hail insurance and 80-2-103, MCA for rural development. Amounts included are:

Source	FY88	FY89
80-2-221, MCA	\$24,041	\$22,050
80-2-103, MCA	\$ 6,185	\$ 6,759

House Bill 621 appropriates oil overcharge money for various programs administered within the state. The Department of Agriculture is authorized to expend funds for the collection and distribution of biological agents to control leafy spurge and spotted knapweed. DNRC is authorized to administratively transfer funds to the Department of Agriculture for this purpose.

HAIL INSURANCE UNIT Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	6.30	6.30	6.30	6.30
Personal Services	104,785.68	120,676	113,636	113,537
Operating Expenses	36,974.62	48,269	41,995	41,432
Equipment	2,222.15	3,000	4,500	2,000
Total Program Costs	\$143,982.45	\$171,945	\$160,131	\$156,969
Expendable Trust Fund	143,982.45	171,945	160,131	156,969
Total Funding Costs	\$143,982.45	\$171,945	\$160,131	\$156,969
Current Level Services	143,982.45	171,945	160,131	156,969
Total Service Costs	\$143,982.45	\$171,945	\$160,131	\$156,969

Program Description

The Hail Insurance Unit, totally funded by participating farmers and ranchers, provides administration of Montana's hail insurance laws and offers grain growers insurance and protection against crop loss due to hail. As provided in

MCA 80-2-232, two percent of the gross annual levies collected from the participants goes to the counties and one and one-half percent to the state for administration. This unit is attached to the department for administrative purposes only. By statute, the director is a member and secretary of the Board of Hail Insurance.

Issues Addressed/Legislative Intent

There is no change in the level of FTE (6.30) from FY86 to FY88. Personal services costs increase \$8,851 from FY86 to FY88 and increase \$8,752 from FY86 to FY89. FY86 was considered a draught year with very little crop damage caused by hail. The increases to personal services is an attempt to raise the compensation level for overtime to a "normal" level.

Operating costs increase \$5,021 in FY88 from the FY86 level and \$4,458 in FY89 from FY86. The major adjustment is in the travel budget where the increase is to bring

the budget back to a "normal" year. Other increases in both fiscal years are for repair and maintenance of computer equipment. In FY88 there is an appropriation for a fire extinguisher and a one time purchase of reference materials for the adjutors.

The equipment budget includes the replacement of a computer in FY88 for \$3,500, and a printer at \$2,000 in FY89. A typewriter is to be replaced in FY88 at a cost of \$1,000.

This program is financed by participating farmers and ranchers who purchase the hail insurance.

WHEAT RESEARCH/MARKETING UNIT Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	3.12	3.12	3.12	3.12
Personal Services	89,683.05	98,736	95,692	95,906
Operating Expenses	78,623.45	173,260	92,459	93,660
Equipment	2,934.50	0	1,122	0
Grants	296,245.56	750,000	1,170,925	1,170,925
Total Program Costs	\$467,486.56	\$1,021,996	\$1,360,198	\$1,360,491
Federal & Other Spec Rev Fund	467,486.56	1,021,996	1,360,198	1,360,491
Total Funding Costs	\$467,486.56	\$1,021,996	\$1,360,198	\$1,360,491
Current Level Services	467,486.56	1,021,996	1,360,198	1,360,491
Total Service Costs	\$467,486.56	\$1,021,996	\$1,360,198	\$1,360,491

Program Description

The Wheat Research and Marketing Unit, totally funded by participating grain producers, exists to encourage and promote both the development of markets for Montana wheat and barley and intensive scientific and practical research into all phases of wheat and barley culture, production and use. The Wheat Research and Marketing Unit is attached to the department for administrative purposes only. The director is an ex-officio member of the Wheat Research and Marketing Committee.

Issues Addressed/Legislative Intent

The following program description is included in the appropriations bill: "This program encourages and promotes both the development of markets for Montana wheat and barley and intensive scientific and practical research into all phases of wheat and barley, production, marketing and use. The Wheat Research and Marketing Unit is attached to the department for administrative purposes only. The department director is an ex-officio member of the Wheat and Barley Committee."

There is no change in the level of FTE from FY86 to FY88 and FY89.

Actual travel expenditures for the board members in FY86 was low because of drought conditions. It is the legislative intent that the appropriation for travel reflect "normal" conditions, and as such, there is an increase of \$9,949 in FY88 and \$10,835 in FY89. The appropriation for contracted services is \$12,000 less per year than the FY86 level. Postage is increased \$4,460 per year to enable the board to mail out its newsletter to approximately 18,000 producers. The budget is funded for a code-a-phone service at \$5,041 per year and there is a \$6,500 per year increase for printing and graphics.

Non-operating expenditures for the 1989 biennium are based upon an anticipated increase in revenues which are projected for the biennium. The anticipated amount of wheat and barley production per year upon which the budget is based is as follows: (Bushels in millions)

	FY88	FY89
Wheat	142.00	142.00
Barley	92.00	92.00

This is an anticipated increase in wheat production of 91.80 million bushels from the FY86 level and an increase in barley production of 62.00 million bushels from the FY86 level.

The refundable producer assessment which funds this program is based on 6 mills/bushels on wheat and 12 mills/hundred weight on barley.

ENVIRONMENTAL MANAGEMENT DIV Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	Appropriated FY 1989
Full Time Equivalent Employees	30.01	28.50	25.50	25.50
Personal Services	691,555.27	707,963	666,991	669,386
Operating Expenses	229,008.11	282,240	232,016	236,047
Equipment	127,319.29	55,894	57,280	98,435
Grants	0.00	0	19,900	19,900
Total Program Costs	\$1,047,882.67	\$1,046,097	\$976,187	\$1,023,768
General Fund	681,194.65	664,014	613,589	612,823
State Special Revenue Fund	157,751.46	157,401	178,044	167,115
Federal & Other Spec Rev Fund	208,936.56	224,682	184,554	243,830
Total Funding Costs	\$1,047,882.67	\$1,046,097	\$976,187	\$1,023,768
Current Level Services	984,243.24	1,046,097	976,187	1,023,768
Budget Amended Services	63,639.43	0	0	0
Total Service Costs	\$1,047,882.67	\$1,046,097	\$976,187	\$1,023,768

Program Description

The Environmental Management Division is responsible for administering the Montana Pesticides Act, the Crop Insect Detection and Management Act, the Noxious Plant Management Assistance Act, the Vertebrate Pest Management Act, and for managing the department's Chemical Analytical Laboratory. Technical and consultant services are also provided to consumers and agricultural producers in the pesticide, analytical chemistry and pest management program areas.

The Field Services, Technical Services and Laboratory Bureau are respectively responsible for the pesticide enforcement program, pest and pesticide services and training program, and for the analysis of feeds, fertilizers, pesticides and other chemicals in agricultural commodities and environmental samples.

Issues Addressed/Legislative Intent

There is a reduction of 4.51 FTE in FY88 and FY89 from the FY86 level. The decrease is the result of the following actions:

1.0 FTE chemist supervisor is eliminated for a general fund savings of \$26,716 in FY88 and \$26,778 in FY89. In FY87 six seasonal biological aides (1.50 FTE) were eliminated to help meet the division's 5% cut and 1.0 FTE pesticide specialist was eliminated to finance the 1987 unfunded pay plan. One FTE chemist, which had been funded by the Environmental Protection Agency, was also eliminated. These FY87 cuts are carried into the 1989 biennium.

The most substantial increase to operating costs is \$8,985 in FY88 and \$10,895 in FY89 for lab equipment maintenance.

Authorized equipment for the biennium includes:

\$25,000 for a high pressure liquid chromatograph detector

\$12,000 for a replacement controller and data system for the gas chromatograph system

\$85,000 to replace a gas chromatograph mass spectrometer

\$4,965 for educational equipment

\$5,709 for a personal computer

Other laboratory equipment for \$23,041.

Funding for this program includes: general fund, state special and various federal funds. A complete breakdown is as follows:

	FY88	FY89
General Fund	\$ 613,589	\$ 612,823
State Special		
Training Fund	11,500	12,000
Commercial Feed	47,348	43,538
Commercial Fertilizer	94,696	87,077
Vertebrate Pest Pro.	24,500	24,500
Federal		
Env. Protect. Agency	179,554	238,830
Pesticide Manual	5,000	5,000
Total	\$ 976,187	\$1,023,768

(Explanation of Source)

Training funds are fees for administering pesticide use and training courses.

Commercial feed funds are derived from a .10 cent per ton tax on commercial feed sold.

Commercial fertilizer funds are derived from a .25 cent per ton tax on fertilizer.

Pesticide manual fees are derived from fees collected for the cost of printing the manual.

PLANT INDUSTRY DIVISION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	Appropriated FY 1989
Full Time Equivalent Employees	31.15	29.64	31.83	31.83
Personal Services	678,731.71	690,034	783,169	788,347
Operating Expenses	131,266.77	153,194	180,653	167,340
Equipment	0.00	30,152	34,831	31,100
Transfers	0.00	1,097	0	0
Total Program Costs	\$809,998.48	\$874,477	\$998,653	\$983,787
General Fund	418,969.78	416,789	422,997	422,945
State Special Revenue Fund	332,352.49	388,841	510,344	494,081
Federal & Other Spec Rev Fund	26,587.27	24,895	32,023	33,271
Proprietary Fund	32,088.94	43,952	33,289	33,490
Total Funding Costs	\$809,998.48	\$874,477	\$998,653	\$983,787
Current Level Services	806,352.11	874,477	998,653	983,787
Budget Amended Services	3,646.37	0	0	0
Total Service Costs	\$809,998.48	\$874,477	\$998,653	\$983,787

Program Description

The Plant Industry Division administers agricultural programs relating to the production, manufacturing, and marketing of commodities exported from or distributed in the state. The division provides services to industry by: (a) performing professional insect/disease surveys; (b) comprehensive feed mill inspections; (c) issuing official commodity certificates; (d) issuing dealer licenses/permits; (e) registration of products; (f) analytical analyses for bees, etc.; (g) the collection of various assessment fees. Division personnel provide technical/scientific information upon request to the industry and the general public, investigating and resolving consumer complaints ranging from product contamination and quality control to elevator bankruptcies and non-payment for products.

Issues Addressed/Legislative Intent

The program eliminated 2.0 FTE in FY87 to meet the five percent reductions. These two reductions are carried into the 1989 biennium. 3.0 FTE are added in both years of the biennium for the grain lab. An additional .19 FTE is also added in FY88 and FY89 for apple inspections.

In keeping with the legislative intent to have fee revenue assume responsibility for as much funding as possible, House Bill 864 was passed. This bill increases certain produce and nursery inspection and licensing fees, with revenue being deposited into the general fund. In FY86 these fees generated approximately 53% of the cost of administering the inspections and licensing performed by this program. HB864 and the rule changes will increase fee revenue approximately \$80,000 per year, thus supporting 75% of the program.

The operating budget includes a travel increase of \$2,621 per year and an increase in maintenance at the grain laboratory of \$3,004 in FY88 and \$2,940 in FY89. House Bill 461 increases the operating budget by \$5,190 for FY88 and FY89. Passage of this bill will generate approximately \$19,178 additional revenue for registration and laboratory analysis of diseased or pest honey bees.

The equipment budget includes an appropriation for vehicle replacement: \$17,304 in FY88 and \$18,000 in FY89; two cars to be replaced each year. In FY88 there is \$14,728 for computer equipment, a protein analyzer is included in the FY89 budget and other laboratory equipment and software is included in both years of the biennium.

Added to the current level budget are the following budget modifications:

1. Apple Inspector - An additional .19 FTE is added to inspect apples for federal grading purposes. The position is financed by fees charged for inspecting apples. Projected revenue from fees is \$3,288 in FY88 and \$3,278 in FY89.
2. Heavy Metal Surveillance - Federal funds of \$9,332 in FY88 and \$9,582 in FY89 are available for expanding the surveillance of mineral products and pet foods for heavy metals.
3. Grain Lab - Three FTE are added to the grain laboratory in Great Falls. Two of the positions were first added by budget amendment in FY86. All three positions are financed through grain inspection fees at a cost of \$87,030 in FY88 and \$87,176 in FY89. \$14,650 is added to the grain lab equipment budget for appropriation authority to purchase two protein analyzers, two UD flour grinders and minor equipment.

AGRICULTURAL DEVELOPMENT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	9.70	9.00	10.00	10.00
Personal Services	196,881.21	226,708	247,664	247,764
Operating Expenses	149,013.02	105,585	268,822	121,525
Equipment	911.05	398	500	300
Grants	13,059.19	16,000	18,000	18,000
Total Program Costs	\$359,864.47	\$348,691	\$534,986	\$387,589
General Fund	137,100.87	101,617	281,839	227,996
State Special Revenue Fund	13,192.62	36,083	141,594	41,419
Federal & Other Spec Rev Fund	104,154.03	43,728	40,300	45,300
Proprietary Fund	45,240.26	100,337	0	0
Expendable Trust Fund	60,176.69	66,926	71,253	72,874
Total Funding Costs	\$359,864.47	\$348,691	\$534,986	\$387,589
Current Level Services	338,729.48	348,691	534,986	387,589
Budget Amended Services	21,134.99	0	0	0
Total Service Costs	\$359,864.47	\$348,691	\$534,986	\$387,589

Program Description

The Agricultural Development Division is composed of the Rural Development Unit, Agricultural Statistics Service, Marketing Unit, Agricultural Counseling and Mediation Program and the Beginning Farmers Loan Program; and provides administrative support to the Alfalfa Seed Committee. These programs provide agricultural loans to low income rural Montanans, collect and publish statistics relating to the production and marketing of crops and livestock, assist producers and industries in finding means to market their products, provide peer counseling, financial consulting and mediation services, and provide beginning farmers loans.

Issues Addressed/Legislative Intent

One of the programs which was included as part of the FY86 budget has been eliminated from the 1989 biennium budget and another restructured.

The Beginning Farmer Loan Program which was designed to provide loans to beginning farmers was unable to become self sufficient. The program depended upon federal tax-exempt bonds to facilitate lower interest rate loans to qualified beginning farmers and ranchers. Tax reform eliminated the ability to use tax exempt bonds for the purpose of the program. From the time of inception, only two loans had been processed. The program was not continued into the 1989 biennium, and 1.0 FTE was eliminated.

House Bill 887 restructured the agricultural counseling and mediation program which began in FY86. HB887, the Agricultural Assistance Program, is a temporary program to help mitigate the agricultural crisis and stresses in agriculture. The program sunsets June 30, 1989.

The marketing program budget is increased \$5,000 per year to promote Montana agriculture products.

The \$18,000 in grants includes the rural development trust fund grants to rural development programs and the department sponsored young farm couples conference.

Proprietary funds appropriated to the department under the provisions of MCA, 80-2-103 include \$71,253 in FY88 and \$72,874 in FY89 for the Rural Development Program.

General fund, state special revenue, federal funds, other funds, and proprietary trust funds finance this division. General fund finances the Marketing Program and state portion of the Agricultural Statistics Program. State special revenue is comprised of the alfalfa seed fund which is generated by a tax on alfalfa seed and finances the Alfalfa Seed Program. Federal funds comprise part of the agricultural statistic budget and other funds are from the Wheat and Barley Commission account and are used for the agricultural statistics program. Proprietary funds finance the Rural Development Program.

Special Narrative

The Department of Institutions consists of the Director's Office, four divisions in the Central Office, and the various institutions located throughout the state. The Director's program, the Management Services Division, the Alcohol and Drug Abuse Division, the Corrections Division, and the Mental Health and Residential Services Division are all headquartered in Helena and are presented separately.

The legislature authorized continuation of language in the General Appropriations Act which allows program transfers in excess of 5% between the various agencies within the Corrections Division and the Mental Health Division. This action is most helpful to the department in meeting the managerial challenges of successfully operating the various institutions.

Increases in the average daily population (ADP) have been experienced primarily by the agencies included within the Corrections Division. The legislature authorized current level adjustments for the costs associated with providing essential services to the increased population.

The following table shows a five-year trend of populations at these facilities. It also includes the budgeted population for FY87-FY89. In the Mental Health Division, there is an increase in the ADP at the Montana Veteran's Home because of the opening of a new wing to that facility in FY84 and also the approval of a nursing care modification by this legislature. The increase in the authorized ADP at the Montana State Hospital reflects the approval of the new forensic treatment unit which is expected to be completed the last half of FY88.

DEPARTMENT OF INSTITUTIONS
YEARLY AVERAGE DAILY POPULATION TRENDS

AGENCY/PROGRAM	FIVE YEAR TREND					FY87-FY89 BUDGETED		
	FY82	FY83	FY84	FY85	FY86	FY87 Budgeted	FY88 Budgeted	FY89 Budgeted
CORRECTIONS DIV								
MT.STATE PRISON	698	744	740	802	907	800	968	990
PINE HILLS SCHOOL*	91	99	88	99	120	88	130	130
MOUNTAIN VIEW SCH.*	34	36	39	48	56	45	70	70
WOMEN'S CORR. CENTER	2	20	17	25	30	25	40	40
SWAN RIVER FOR. CAMP	50	52	49	47	51	49	51	51
MENTAL HEALTH DIV.								
MT.VETERAN'S HOME	114	116	118	126	125	136	135	135
EASTMONT HUM.SERVS.	53	51	54	53	53	55	53	53
CENTER FOR AGED	186	181	176	175	171	171	171	171
MT.DEVELOPMENTAL CTR	218	223	202	203	202	204	202	202
MT. STATE HOSPITAL	558	687	574	501	473	493	486	499

- * The Legislature passed HB325 which established the Department of Family Services. Pine Hills School and Mountain View School will become part of that department.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	170.50	169.50	150.50	150.50
Personal Services	4,041,994.37	4,129,706	3,982,580	3,987,020
Operating Expenses	3,132,464.33	1,981,348	3,351,943	3,209,001
Equipment	16,081.56	4,753	47,268	5,510
Local Assistance	1,574,708.00	0	0	0
Grants	6,452,725.06	7,576,027	6,599,902	6,599,902
Debt Service	65,938.72	0	49,781	1,541
Total Agency Costs	\$15,283,912.04	\$13,691,834	\$14,031,474	\$13,802,974
General Fund	10,960,489.01	11,038,111	11,129,797	10,934,668
State Special Revenue Fund	1,885,453.63	331,597	347,085	327,700
Federal & Other Spec Rev Fund	2,437,969.40	2,322,126	2,548,314	2,540,606
Proprietary Fund	0.00	0	6,278	0
Total Funding Costs	\$15,283,912.04	\$13,691,834	\$14,031,474	\$13,802,974
Current Level Services	15,283,912.04	13,691,834	14,031,474	13,802,974
Total Service Costs	\$15,283,912.04	\$13,691,834	\$14,031,474	\$13,802,974

Agency Description

The Department of Institutions is provided for in section 2-15 2301, MCA. Section 53-1-201 defines its purpose:

"The department of institutions shall utilize at maximum efficiency the resources of state government in a coordinated effort to restore the physically or mentally disabled, to rehabilitate the violators of laws, to sustain the vigor and dignity of the aged, to train children of limited mental capacity to their best potential, to rededicate the resources of the state to the productive independence of its now dependent citizens, and to coordinate and apply the principles of modern institutional administration to the institutions of the state."

In carrying out these purposes, the department staff seek to provide care and treatment services of a quality that will guarantee the rights of residents, comply with state and federal standards, and when possible, return residents of the institutions to a normal life in the community. The objectives are to improve the coordination of services provided by institutions through the development of new management techniques and to make management information readily available to the institutions.

The following institutions are in the department: Montana Developmental Center, Center for the Aged, Eastmont Human Services Center, Montana State Prison, Swan River Forest Camp, Montana Veterans' Home, Montana State Hospital and the Women's Correctional Center.

DIRECTOR Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	10.00	10.00	9.00	9.00
Personal Services	339,722.21	525,722	432,204	432,539
Operating Expenses	41,292.02	37,396	42,864	43,405
Equipment	766.20	0	0	0
Total Program Costs	\$381,780.43	\$563,118	\$475,068	\$475,944
General Fund	381,780.43	563,118	475,068	475,944
Total Funding Costs	\$381,780.43	\$563,118	\$475,068	\$475,944
Current Level Services	381,780.43	563,118	475,068	475,944
Total Service Costs	\$381,780.43	\$563,118	\$475,068	\$475,944

Program Description

The Director's Program staff are responsible for the effective management and planning of the programs of the department's four divisions (Alcohol and Drug Abuse Division, Corrections Division, Management Services Division,

and Mental Health and Residential Services Division) and their respective institutions. They also provide administrative support for the Board of Pardons, as well as legal, personnel and labor relations support services for the central office and the institutions.

Issues Addressed/Legislative Intent

The legislature accepted the executive recommendation to delete the Management Analyst position from the Director's program. Consequently, 9.00 FTE was approved for each year of the 1989 biennium. A 4% vacancy savings factor was applied in this program. The remainder of the program was approved at current level.

The director's program is entirely funded with general fund.

The legislature passed HB 870 which increases compensation for institutional teachers. The bill includes a general fund appropriation of \$98,667 each year of the 1989 biennium. Included in these funds are the compensation increases for the teachers of Mountain View School and Pine Hills School which are now part of the new Department of Family Services. The bill also stipulates that these funds are to be appropriated to the Department of Institutions. These funds will be placed in the director's program to carry out their specified purposes.

MANAGEMENT SERVICES DIVISION Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	30.00	29.00	28.00	28.00
Personal Services	675,302.42	658,861	678,978	679,654
Operating Expenses	140,686.87	195,885	303,033	140,985
Equipment	721.14	1,208	1,050	1,050
Debt Service	62,420.64	0	46,816	0
Total Program Costs	\$879,131.07	\$855,954	\$1,029,877	\$821,689
General Fund	875,932.83	855,954	1,011,369	821,689
State Special Revenue Fund	42.15	0	4,521	0
Federal & Other Spec Rev Fund	3,156.09	0	7,709	0
Proprietary Fund	0.00	0	6,278	0
Total Funding Costs	\$879,131.07	\$855,954	\$1,029,877	\$821,689
Current Level Services	879,131.07	855,954	1,029,877	821,689
Total Service Costs	\$879,131.07	\$855,954	\$1,029,877	\$821,689

Program Description

The staff of the Management Services Division is responsible for the department's budgeting and accounting services, reimbursement services and data processing services. The division also provides technical assistance to all institutions in budgeting, accounting, and other management areas. The division bills and collect the various types of revenue generated by the department, to include Medicaid, Medicare, Insurance, private and VA. In addition, the division operates its own computer main frame, with remote locations at all institutions and P&P offices.

Issues Addressed/Legislative Intent

The legislature adopted the executive recommendation to delete a 1.00 FTE Trust Officer position and a 1.00 FTE Financial Investigator position from their base budget. The combined yearly savings due to these reductions is \$46,955. These deletions were made to continue the actions of the June Special Session of the 49th Legislature. A 4% vacancy savings factor was applied to this program.

The legislature placed all institutional legislative audit funds in the Management Services Division. There is a total of \$149,864 in this division for audit purposes. The audit costs

for Pine Hills School and Mountain View School are not included in this figure because these two institutions are now part of the Family Services Department. These audit costs are \$12,096 for Pine Hills School and \$9,240 for Mountain View School. The legislature did not include audit costs of \$8,896 for the Montana Youth Treatment Center which is no longer state owned.

The legislature authorized \$4,870 in FY88 and \$4,425 in FY89 for building and grounds maintenance costs for the central office. They also approved \$1,050 of equipment each year of the biennium for the purchase of typewriters.

The Accounting Division of the Department of Administration has requested the Management Services Division to account for the purchase of its computer main frame system under debt services, object of expenditure 9000. The legislature approved of this action and authorized \$46,816 in FY88 to pay off the debt service for their computer system.

This division is primarily funded with general funds. The general fund authorized is \$1,011,369 in FY88 and \$821,689 in FY89. The division also has state special revenue, federal funds and proprietary funds. These non-general fund accounts are primarily for the consolidated audit fees for the various institutions.

ALCOHOL & DRUG ABUSE DIVISION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	10.00	10.00	9.00	9.00
Personal Services	261,584.47	264,748	256,906	257,235
Operating Expenses	106,046.11	95,290	104,147	88,954
Equipment	3,562.22	2,863	3,000	3,000
Local Assistance	1,574,708.00	0	0	0
Grants	1,239,715.00	1,261,309	1,483,511	1,483,511
Total Program Costs	\$3,185,615.80	\$1,624,210	\$1,847,564	\$1,832,700
General Fund	215,200.00	208,612	215,200	215,200
State Special Revenue Fund	1,885,236.51	331,347	341,564	326,700
Federal & Other Spec Rev Fund	1,085,179.29	1,084,251	1,290,800	1,290,800
Total Funding Costs	\$3,185,615.80	\$1,624,210	\$1,847,564	\$1,832,700
Current Level Services	3,185,615.80	1,624,210	1,847,564	1,832,700
Total Service Costs	\$3,185,615.80	\$1,624,210	\$1,847,564	\$1,832,700

Program Description

Under the authority delegated from the Director and described in Title 53, Chapter 24, MCA, the Alcohol and Drug Abuse Division is responsible to ensure that the appropriate resources of this State are focused fully and effectively upon the problems of chemical dependency and utilized in implementing programs for the control, prevention and treatment of these problems. The Division's specific duties include: Evaluating and approving chemical dependency treatment and education programs; Preparing long-term Comprehensive Chemical Dependency State Plans and Updates; Reviewing and approving County Chemical Dependency Plans; Distributing State and federal funds in accordance with 53-24-206 MCA; Establishing standards for the certification of chemical dependency counselors and educators; provide for the training of program personnel delivering services to chemical dependent persons; Establishing criteria for the development of new chemical dependency programs; Ensure the greatest utilization of funds by discouraging duplication of services and encouraging efficiency of services; and cooperating with the Board of Pardons in establishing and conducting programs to provide treatment for chemically dependent and intoxicated persons in or on parole from penal institutions.

Issues Addressed/Legislative Intent

The legislature accepted the executive recommendation to eliminate an Administrative Officer II position from the Alcohol and Drug Abuse Division. This action saves state

special revenue \$26,166 in FY88 and \$26,130 in FY89. A 4% vacancy savings was applied to this division.

Equipment of \$3,000 each year was approved by the legislature. This equipment funding is for the purpose of purchasing films to be used in alcohol and drug rehabilitation programs.

The legislature authorized a total of \$1,483,511 each year to provide drug and alcohol grants to the various drug and alcohol programs throughout the state. Included in these funds are \$1,268,311 each year of federal Alcohol Drug Abuse and Mental Health Services block grant funds and \$215,200 of general fund support each year for these programs.

Section 53-24-206 MCA statutorily appropriates earmarked alcohol funds for distribution to county programs based on a distribution formula of 85% county population and 15% county land area in comparison to the total state population and area.

The administrative funding for the division comes from a portion of the state special revenue alcohol account and federal SSI funds. The legislature authorized \$341,564 in FY88 and \$326,700 in FY89 from the earmarked alcohol funds and \$22,489 in FY88 and FY89 from federal SSI funds for the administration of this division.

It is legislative intent for the Department of Institutions to receive any additional federal drug and alcohol funds via the budget amendment process should they become available.

CORRECTIONS Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	91.50	91.50	75.50	75.50
Personal Services	2,103,007.10	2,037,162	1,859,053	1,859,669
Operating Expenses	1,747,896.67	760,090	1,768,575	1,780,399
Equipment	10,555.80	0	40,000	0
Grants	0.00	1,120,000	0	0
Debt Service	2,727.28	0	2,965	1,541
Total Program Costs	\$3,864,186.85	\$3,917,252	\$3,670,593	\$3,641,609
General Fund	3,860,797.96	3,914,303	3,669,593	3,640,609
State Special Revenue Fund	174.97	250	1,000	1,000
Federal & Other Spec Rev Fund	3,213.92	2,699	0	0
Total Funding Costs	\$3,864,186.85	\$3,917,252	\$3,670,593	\$3,641,609
Current Level Services	\$3,864,186.85	\$3,917,252	\$3,670,593	\$3,641,609
Total Service Costs	\$3,864,186.85	\$3,917,252	\$3,670,593	\$3,641,609

Program Description

The Corrections Division exists to develop and administer an integrated corrections program for adults and youths. Special emphasis is placed upon community supervision whenever possible and providing individualized treatment for each offender requiring institutionalization. For those incarcerated, adequate security must be maintained to protect the offender and prevent further transgressions against the public. The program staff provide leadership, direction and support for both line and staff operations. They assist in developing a continuum of correctional programs which place the individual in the least restrictive setting consistent with good judgment. Specific programs within the Corrections Division include the following:

Pre Release Centers - The Department operated facilities in Billings and Missoula which provide pre-release alternatives to prison for male and female offenders. These centers provide educational and work opportunities while also providing close supervision of the offenders. The Billings program houses up to 12 female offenders while the Missoula program can accommodate 24 male offenders.

The Corrections Division also contracts with non-profit corporations for pre-release services for male and female offenders. Centers are currently operational in Billings, Butte and Great Falls.

Women's Correctional Facilities - The Warm Springs facility provides for 40 female offenders.

Probation and Parole - The program staff supervise and counsel adult felons upon leaving prison and adults sentenced to probation.

Issues Addressed/Legislative Intent

The legislature adopted the executive recommendation in personal services to delete three positions in order to meet the actions of Special Session III of the 49th legislature. The positions eliminated were a 1.00 FTE word processor operator and 2.00 FTE Administrative Clerk II positions.

The authorized personal services includes the costs for upgrading 9.00 secretarial and clerical FTE in the probation and parole offices. The upgrades were the result of a decision by the Board of Personnel Appeals after a position clas-

sification appeal. The cost of these upgrades is \$19,000 each year.

A 4% vacancy savings factor was applied to the Corrections Division.

Portions of the Corrections Division have been moved to the Family Services Department as provided in HB325. The legislature authorized the transfer of 13.00 FTE and the associated operating and program costs to the new department. This action includes 6.00 aftercare counselor FTE who will be responsible for working with an estimated average daily population (ADP) of 26 youth. A total budget of \$399,048 in FY88 and \$399,102 in FY89 for aftercare services were transferred out of the corrections division. Additionally, there is a \$30,000 biennial appropriation for equipment. Although specific equipment was not identified for purchase, the legislature did discuss at some length the need for replacing vehicles in this program.

There were 6.00 FTE including 4.00 FTE cottage life attendants, 1.00 FTE program officer, and a 1.00 FTE social worker transferred from the youth evaluation program of the Corrections Division to the new Department of Family Services. The aftercare program is totally funded with general fund of \$145,717 in FY88 and \$145,593 in FY89. These funds were likewise transferred to the new department.

There was also a 1.00 Administrative Officer III FTE transferred out of the Corrections Division to the new Management Support program of the Family Services Department. This was a general fund transfer of \$31,826 in FY88 and \$31,781 in FY89 in personal services and \$3,353 each year in operations for management support.

The Legislature did approve additional funding for the pre-release centers. Because of the increased prison population and the additional bed space available in the Great Falls, Billings, and Butte contracted pre-release centers, a current level adjustment was approved to house an additional twenty inmates. This will increase the bed capacity from 25 at each of these centers to 30 in Great Falls, 35 in Butte and 30 in Billings. A general fund increase of \$282,857 in FY88 and FY89 was approved for this purpose.

The legislature reduced the contracted pre-release center base budget by \$21,392 each fiscal year to help meet the actions of the June Special Session of the 49th legislature. Federal boarder revenue are budgeted at \$14,799 above the

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current contract, which is an increase of 1.1 federal boarders in the private pre-release centers.

The state does own and operate a men's pre-release center in Missoula. The following tables show statistical data and the staffing levels for this center.

Table I
Missoula Pre-Release Center
Statistical Data

Factor	FY82 Actual	FY83 Actual	FY84 Actual	FY85 Actual	FY86 Actual	FY87 Authorized	FY88 Authorized	FY89 Authorized
Average Daily Population (ADP)	8.52	21.22	20.58	19.52	22.76	20.58*	22.76	22.76
Total Staff Authorized	5.93	11.50	11.50	11.50	11.50	11.50	11.50	11.50
Variable Cost/Inmate/Day	\$ 4.13	\$ 3.76	\$ 3.40	\$ 3.81	\$ 3.92			
Fixed Cost/Inmate/Day	\$51.85	\$34.12	\$37.19	\$40.73	\$34.28			
Total Cost/Inmate/Day	\$55.98	\$37.88	\$40.59	\$44.54	\$38.20	\$41.07**	\$39.11	\$39.62
Average Length of Stay (months)	1.13	3.63	4.07	3.97	5.09			

* The ADP levels for FY87-FY89 are based upon authorized levels. Actual ADP levels fluctuate throughout each fiscal year and can not be determined until each fiscal year end.

** The total cost per inmate day for FY87-FY89 are based upon authorized level of ADP and staff. These costs could decrease depending upon actual ADP experienced, actual expenditures and any possible reversions or cost savings achieved.

Table II
Missoula Pre-Release Center
Authorized FTE Levels

	FY86	FY87	FY88	FY89
Direct Care	9.00	9.00	9.00	9.00
Education	0	0	0	0
Other	2.50	2.50	2.50	2.50
Total	11.50	11.50	11.50	11.50

The corrections division was authorized a biennial appropriation of \$40,000 for equipment purchases to be made at management's discretion.

HB 2 provides language which authorizes transfers within the corrections division. Included in the corrections division are all correctional institutions. The language states:

"Within item 4, transfers may be made between line items in excess of 5% of the total appropriation authority in each line item upon approval of the governor or his designated representative."

The appropriations bill also stipulates workers' compensation reversionary language for the corrections division:

"If the amounts billed and paid, including volume discount rebates, for the corrections division's workers' compensation costs are less than \$876,796 in fiscal 1988 and \$979,198 in fiscal 1989, the balance must revert to the appropriate fund."

WOMEN'S CORRECTIONAL PROGRAM Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	24.00	24.00	24.00	24.00
Personal Services	490,164.40	469,437	569,807	572,555
Operating Expenses	176,860.50	199,439	209,451	214,814
Equipment	0.00	682	3,218	1,460
Debt Service	790.80	0	0	0
Total Program Costs	\$667,815.70	\$669,558	\$782,476	\$788,829
General Fund	667,815.70	669,558	782,476	788,829
Total Funding Costs	\$667,815.70	\$669,558	\$782,476	\$788,829
Current Level Services	667,815.70	669,558	782,476	788,829
Total Service Costs	\$667,815.70	\$669,558	\$782,476	\$788,829

Program Description

The Women's Correctional Program contains various elements for housing and treating female offenders in the State of Montana. The major component of the program is the Women's Corrections Center located on the Montana State Hospital campus. This facility began operations in FY82, and can house forty female offenders. Its staff provide work, education, and recreational services to the inmates. Also included in this program are services at the Billings' Life Skills Center, and out-of-state and in-state placements.

Issues Addressed/Legislative Intent

The legislature authorized the recommended 24.00 FTE for the women's correction program. They chose to apply a zero vacancy savings rate to the women's correctional facilities.

During the 1987 biennium, the Women's Correction Center (WCC) was budgeted for an average daily population (ADP)

of 25 offenders and the Billings Life Skills Center (BLSC) was budgeted for eight residents. The ADP for all of FY 1986 was 30.05 at the WCC and 9.34 at the BLSC. The legislature chose to budget for an additional five inmates at the WCC. The budgeted level at the BLSC remains at 10. Including inflation, the general fund increase is \$12,820 in FY88 and \$13,251 in FY89 for the additional five inmates at the women's prison.

There is budgeted funds to allow 180 days for out-of-state placements and 90 days for in-state placement in local jails.

The authorized equipment level is \$3,218 in FY88 and \$1,460 in FY89. This program is entirely funded with general fund.

The following tables show statistical data and staffing levels for the WCC and the BLSC.

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Table I
Women's Correctional Center
Statistical Data

Factor	FY82 Actual	FY83 Actual	FY84 Actual	FY85 Actual	FY86 Actual	FY87 Authorized	FY88 Authorized	FY89 Authorized
Average Daily Population (ADP)	1.97	20.02	16.97	25.32	30.05	25*	35	35
Total Staff Authorized	3.28	13.60	15.45	15.45	17	17*	17	17
Variable Cost/Inmate/Day	\$24.13	\$12.33	\$7.87	\$7.03	\$6.58			
Fixed Cost/Inmate/Day	\$140.17	\$42.78	\$52.50	\$40.20	\$36.92			
Total Cost/Inmate/Day	\$164.30	\$55.11	\$60.37	\$47.23	\$43.50	\$51.38**	\$44.20	\$44.76
Average Length of Stay (months)	1.46	4.22	7.89	7.51	9.54			

* The ADP levels for FY87-FY89 are based upon authorized levels. Actual ADP levels fluctuate throughout each fiscal year and cannot be determined until each fiscal year ends.

** The total cost per inmate per day for FY87-FY89 is based upon authorized level of ADP and staff. These costs could decrease depending upon actual ADP experienced, expenditures, reversions or cost savings achieved.

Table II
Women's Correctional Center
Authorized FTE Levels

	FY86	FY87	FY88	FY89
Direct Care	12.40	12.40	12.40	12.40
Education	0.50	0.50	0.50	0.50
Other	4.10	4.10	4.10	4.10
Total	17.00	17.00	17.00	17.00

Table III
Billings Life Skills Center

Factor	FY82 Actual	FY83 Actual	FY84 Actual	FY85 Actual	FY86 Actual	FY87 Authorized	FY88 Authorized	FY89 Authorized
Average Daily Population (ADP)	10.09	8.02	6.72	8.60	9.34	8*	9.34	9.34
Total Staff Authorized	7.95	8	8	8	7	7	7	7
Variable Cost/Inmate/Day	\$ 5.73	\$ 4.03	\$ 4.05	\$ 4.27	\$ 3.25			
Fixed Cost/Inmate/Day	\$43.85	\$61.21	\$65.25	\$57.83	\$52.24			
Total Cost/Inmate/Day	\$49.58	\$65.24	\$69.30	\$62.10	\$55.49	\$60.38**	\$59.40	\$59.34
Average Length of Stay (months)	8.28	5.30	6.20	6.25	6.57			

* The ADP levels for FY87-FY89 are based upon authorized levels. Actual ADP levels fluctuate throughout each fiscal year and cannot be determined until each fiscal year ends.

** The total cost per inmate day for FY87-FY89 is based upon authorized level of ADP and staff. These costs could decrease depending upon actual ADP experienced, actual expenditures, reversions or cost savings achieved.

Table IV
Billings Life Skills Center
Authorized FTE Levels

	FY86	FY87	FY88	FY89
Direct Care	5.00	5.00	5.00	5.00
Education	0	0	0	0
Other	2.00	2.00	2.00	2.00
Total	7.00	7.00	7.00	7.00

CORRECTION'S MEDICAL BUDGET
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	848,214.21	626,172	867,114	883,457
Total Program Costs	\$848,214.21	\$626,172	\$867,114	\$883,457
General Fund	848,214.21	626,172	867,114	883,457
Total Funding Costs	\$848,214.21	\$626,172	\$867,114	\$883,457
Current Level Services	848,214.21	626,172	867,114	883,457
Total Service Costs	\$848,214.21	\$626,172	\$867,114	\$883,457

Program Description

The Correctional Medical Program reflects the centralization of medical, optometry, dental, lab and security costs previously budgeted in other correctional programs. Due to the constant movement of individuals through the corrections system, a flexible method to address health needs is required. This budget structure provides the flexibility needed to cover these costs for the Montana State Prison, the Swan River Forest Camp, the Women's Correction Program, Mountain View School, Pine Hills School, the juvenile after-care programs, and the five adult pre release centers.

Issues Addressed/Legislative Intent

The legislature authorized the transfer of medical costs from the corrections medical program to the Mountain View

School and the Pine Hills School programs of the new Department of Family Services. Pine Hills School received a total of \$44,987 which includes \$3,064 additional medical costs for an average daily population increase to 130 offenders. Mountain View School received \$22,781 which includes \$2,457 for an average daily population increase to 70 residents. Consequently, a total of \$62,248 was reduced each year of the biennium from the corrections medical program.

This program is funded by general funds. The legislature authorized \$867,114 in FY88 and \$883,457 in FY89. They authorized an increase of \$25,000 at the Montana State Prison to allow a contract with a physician for 20 hours per week. The legislature did not approve a request to increase the dental contract by \$45,116 each year. The cost per inmate per year for medical services is \$734.

MENTAL HLTH/RESIDENTIAL SERV Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	Appropriated FY 1989
Full Time Equivalent Employees	5.00	5.00	5.00	5.00
Personal Services	172,213.77	173,776	185,632	185,368
Operating Expenses	71,467.95	67,076	56,759	56,987
Equipment	476.20	0	0	0
Grants	5,213,010.06	5,194,718	5,116,391	5,116,391
Total Program Costs	\$5,457,167.98	\$5,435,570	\$5,358,782	\$5,358,746
General Fund	4,110,747.88	4,200,394	4,108,977	4,108,940
Federal & Other Spec Rev Fund	1,346,420.10	1,235,176	1,249,805	1,249,806
Total Funding Costs	\$5,457,167.98	\$5,435,570	\$5,358,782	\$5,358,746
Current Level Services	5,457,167.98	5,435,570	5,358,782	5,358,746
Total Service Costs	\$5,457,167.98	\$5,435,570	\$5,358,782	\$5,358,746

Program Description

The staff of the Mental Health and Residential Services Division provides administrative leadership and coordination for a wide range of human service programs. These include the institutional and community programs for the mentally ill, institutional programs for the developmentally disabled, residential nursing home programs for veterans and elderly persons with chronic mental disorders. It is the responsibility of the Mental Health and Residential Services Division to provide management, planning and evaluation in support of these programs.

In accordance with section 53-21-203, MCA, the Department of Institutions assures that appropriate and accessible community based mental health services are provided through contracts between the Department of Institutions and the five private, non profit regional community mental health centers (CMHCs). The CMHCs provide inpatient, emergency, transitional, day treatment, outpatient, and prevention services to approximately 13,500 Montanans each year.

Issues Addressed/Legislative Intent

The legislature authorized the current level of 5.00 FTE. A 4% vacancy savings factor was applied to this program.

In the operations budget, training and travel costs were reduced. The training costs were reduced by \$2,707 each year of the 1989 biennium. The travel costs were reduced by

\$2,979 each year. Rent costs are budgeted at \$5,066 in FY88 and \$5,285 in FY89.

In contracted services professional contracts were reduced by \$4,472 each year. A \$4,500 one-time appraiser fee associated with the sale of the Montana Youth Treatment Center was reduced from the operational budget each year.

Grant funds are received to purchase mental health services from the five regional community mental health centers. The legislature approved federal Alcohol Drug Abuse, and Mental Health Services Block Grant funds of \$1,249,805 in fiscal 1988 and \$1,249,806 in fiscal 1989. They also approved a general fund portion of grants of \$3,866,586 each year of the biennium.

HB 2 provides language which authorizes transfers within the mental health division and the institutions within it. The language states:

"Within item 5, transfers may be made between lineitems in excess of 5% of the total appropriation authority in each line item upon approval of the governor or his designated representative."

The appropriations bill also stipulates workers' compensation reversonary language for the mental health division:

"If the amounts billed and paid, including volume discount rebates, for the mental health division's workers' compensation costs are less than \$3,114,215 in fiscal 1988 and \$3,191,394 in fiscal 1989, the balance must revert to the appropriate fund."

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	456.40	443.15	430.65	430.65
Personal Services	9,139,174.29	9,349,253	10,051,213	10,178,489
Operating Expenses	1,621,304.84	1,761,645	1,695,025	1,731,651
Equipment	15,747.82	0	50,000	0
Benefits and Claims	2,530.00	0	0	0
Total Agency Costs	\$10,778,756.95	\$11,110,898	\$11,796,238	\$11,910,140
General Fund	10,711,415.75	11,046,061	11,739,951	11,852,130
State Special Revenue Fund	28,607.96	20,324	13,626	13,626
Federal & Other Spec Rev Fund	38,733.24	44,513	42,661	44,384
Total Funding Costs	\$10,778,756.95	\$11,110,898	\$11,796,238	\$11,910,140
Current Level Services	10,778,756.95	11,110,898	11,796,238	11,910,140
Total Service Costs	\$10,778,756.95	\$11,110,898	\$11,796,238	\$11,910,140

Agency Description

The purpose of the Montana Developmental Center is to provide treatment and habilitation suited to the needs of the profoundly mentally retarded individual, and to assure that such treatment and habilitation is skillfully and humanely administered with full respect for the person's dignity and personal integrity, and in the least restrictive and most appropriate environment. Admission procedures and basic guidelines for care, treatment, and training of the residents are found in Title 53, Chapter 20, MCA.

Issues Addressed/Legislative Intent

The legislature accepted the executive recommendation of 430.65 FTE in each year of the biennium. This authorized FTE level includes the executive's recommendation to delete 9.50 FTE in order to meet budget reductions, the unfunded pay plan and other actions of the 49th legislature. The positions deleted were as follows: 1.00 FTE groundskeeper supervisor; 1.00 FTE training officer; 1.00 FTE laundry worker; 1.00 FTE administrative clerk; 1.50 FTE food service temporary class; 1.00 FTE habilitation supervisor; 1.00 FTE administrative secretary; 2.00 FTE cottage supervisors.

The legislature adopted the executive personal services in many instances. They utilized the Legislative Fiscal Analysis (LFA) method of computing personal services. The reduction in the above mentioned positions amounted to a savings in general fund of \$233,230 in FY88 and \$235,056 in FY89.

The legislature did not apply a full 4% vacancy savings to this agency as recommended by both the LFA and the executive. They chose to apply a 1.9% vacancy savings to direct care staff and 4% to non-direct care staff. This action increased the general fund budget by approximately \$82,000 each year of the 1989 biennium. During the 1987 biennium a 6% vacancy savings factor was applied to this agency.

Even with the reductions in personal services, the total dollar amount increases from the FY86 actual of \$9,139,175 to \$10,051,213 in FY88 and \$10,178,489 in FY89. This is a 10% increase over FY86 in personal services each year. This increase can be attributed to several factors. During the 1987 biennium a 7.5% actual vacancy savings was experienced. Also, during the 1987 biennium the Montana Developmental Center was inspected by a federal Health Care

Finance Administration (HCFA) survey team. This team found that the center needed more professional level staff to meet medicare certification requirements. Consequently, departmental officials decided to replace 16 lower grade support staff with higher grade professional direct care and treatment staff. The higher salaries and benefits for these positions are reflected in the higher personal services costs in the 1989 biennium.

Another major factor in the additional personal services costs in the 1989 biennium is increased employee benefits. Because of modification rate increases, a 12% increase each fiscal year has been built into the personal services budget to meet rising workers compensation costs. In FY86 employee benefits constituted 23% of employee compensation. In FY88 employee benefits are 28.6% of compensation and 30.5% in FY89.

The legislature authorized a \$50,000 biennial appropriation for the purchase of equipment. It was legislative intent to purchase a century tub lift system to help alleviate higher worker's compensation costs. Equipment items are to be purchased at the discretion of management.

The legislature included operational costs of \$4,657 each year for the training of the professional staff recommended by the HCFA survey team. They added \$9,269 each year for patient reinforcers. They also intended for \$12,500 to be used for hepatitis B vaccination shots for residents and new staff members of the Montana Developmental Center.

The general fund increases over the FY86 actual level by 9.6% in FY88 and 10.6% in FY89. As discussed above, most of this increase is in personal services. The state special revenues decrease by \$7,844 each fiscal year because of the discontinuation of the canteen. There is \$13,626 included each fiscal year in state special revenue for donations.

The federal funds included are for Title I and II education grants and school food. The education funds amount to \$32,506 in FY88 and \$35,886 in FY89. Presently, there are only 22 residents of the facility eligible for federal school food funds. The total federal funds authorized is \$42,661 in FY88 and \$44,384 in FY89.

The following tables show statistical data on the Montana Developmental Center's program and staffing.

MONTANA DEVELOPMENTAL CENTER

Table I
Montana Developmental Center
Statistical Data

Factor	FY82 Actual	FY83 Actual	FY84 Actual	FY85 Actual	FY86 Actual	FY87 Authorized	FY88 Authorized	FY89 Authorized
Average Daily Population (ADP)	218.46	223.36	202.10	202.90	201.87	204*	202	202
Total Staff Authorized	486.40	485.40	441.40	441.40	440.40	440.15	430.65	430.65
Variable Cost/Resident/Day	\$ 6.60	\$ 8.42	\$ 7.43	\$ 7.52	\$ 8.70			
Fixed Cost/Resident/Day	\$122.30	\$126.49	\$133.67	\$136.12	\$137.57			
Total Cost/Resident/Day	\$128.90	\$134.91	\$141.09	\$143.64	\$146.27	\$146.20**	\$159.00	\$161.00

* The ADP levels for FY87-FY89 are based upon authorized levels. Actual ADP fluctuate throughout each fiscal year and cannot be determined until each fiscal year ends.

** The total cost per resident day for FY87-FY89 is based upon authorized level of ADP and staff. These costs could decrease depending upon actual ADP experienced, actual expenditures, reversions or cost savings achieved.

Table II
Montana Developmental Center
Authorized FTE Levels

	FY86	FY87	FY88	FY89
Direct Care	206.00	190.00	195.00	195.00
Education	15.60	17.35	15.35	15.35
Other	218.80	232.80	220.30	220.30
Total	440.40*	440.15	430.65	430.65

* The FTE levels in FY86 are authorized. The actual level of FTE in FY86 reflect additional positions necessary to meet Health Care Finance Administration requirements.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	100.24	100.24	97.84	97.84
Personal Services	2,011,976.35	1,964,264	2,143,102	2,135,207
Operating Expenses	487,015.99	542,025	504,521	524,056
Equipment	2,254.18	610	25,000	0
Total Agency Costs	\$2,501,246.52	\$2,506,899	\$2,672,623	\$2,659,263
General Fund	2,497,287.26	2,499,164	2,662,888	2,649,528
State Special Revenue Fund	3,959.26	7,735	9,735	9,735
Total Funding Costs	\$2,501,246.52	\$2,506,899	\$2,672,623	\$2,659,263
Current Level Services	2,501,246.52	2,506,899	2,672,623	2,659,263
Total Service Costs	\$2,501,246.52	\$2,506,899	\$2,672,623	\$2,659,263

Agency Description

The staff of the Center for the Aged offers long-term care for persons fifty-five years of age or older who have chronic mental disorders. The staff provides nursing care and recreational activities with full respect for the dignity and integrity of the residents. The admission procedures and basic guidelines for the care of the residents are found in 53-21-411 through 53-21-413 MCA.

Issues Addressed/Legislative Intent

The legislature adopted the executive recommendation to delete 1.40 FTE in order to meet unfunded pay plan obligation and the actions of the June Special session of the 49th legislature. The positions deleted were a social worker 1.00 FTE, a .30 FTE pharmacist position and a .10 FTE food service worker. In addition to these deletions recommended by the executive, the legislature also chose to delete a 1.00 FTE food service worker position. This position was deleted in conjunction with the purchase of a new food service handling system. Thus, a total of 2.40 FTE were deleted from the Center for the Aged budget.

The legislature chose to make exceptions to the 4% vacancy savings applied to direct care staff at the Institutions. In the case of the Center for the Aged, they chose to apply a 4% vacancy savings to non-direct care staff and a 2% vacancy savings to direct care staff. This action increased the general fund cost by approximately \$25,000 each year over the executive's recommendation.

The agency reduced its laundry contract from \$31,180 to \$2,040. This \$29,140 operational reduction was realized because of the completion of a new laundry at the center. However, this savings was offset by other operational cost increases. Some of the major operational adjustments approved by the legislature are: 1) \$6,800 additional utility costs as estimated by the engineers, 2) \$3,810 for additional laundry soaps and supplies, 3) \$2,512 in additional insurance costs, 4) \$2,500 for janitorial supplies and inventory increases, 5) \$1,000 for copy machine rental, 6) \$1,200 for annualized personal computer maintenance contracts.

The inflationary adjustments came to \$24,263 in FY88 and \$20,259 in FY89. These adjustments were for utilities, food drugs, communications and medical supplies.

The legislature approved the equipment purchase for a gemini food tray system which costs \$18,121. They authorized an additional \$6,879 for equipment purchases. Thus, a total biennial equipment appropriation of \$25,000 was approved.

The Center for the Aged does receive some donated funds. The legislature authorized \$2,400 for state special revenue each year of the biennium to enable the use of these donations.

The general fund increases by \$165,601 in FY88 and \$152,241 in FY89 over the FY86 actual.

The following tables show the statistical trends in program costs, resident population and staffing.

CENTER FOR THE AGED

Table I
Center for the Aged
Statistical Data

Factor	FY82 Actual	FY83 Actual	FY84 Actual	FY85 Actual	FY86 Actual	FY87 Authorized	FY88 Authorized	FY89 Authorized
Average Daily Population (ADP)	186.40	181.50	176.50	174.60	170.56	175*	171	171
Total Staff Authorized	104.93	104.93	102.93	102.93	100.24	100.24	97.84	97.84
Variable Cost/Resident	\$3.05	\$3.14	\$3.84	\$3.77	\$4.50			
Fixed Cost/Resident	\$27.65	\$32.42	\$33.65	\$36.21	\$35.67			
Total Cost/Resident	\$30.70	\$35.56	\$37.49	\$39.98	\$40.17	\$39.21**	\$42.66	\$42.45

* The ADP levels for FY87-FY89 are based upon authorized levels. Actual ADP fluctuate throughout each fiscal year and cannot be determined until each fiscal year ends.

** The total cost per resident day for FY87-FY89 is based upon authorized level of ADP and staff. These costs could decrease depending upon actual ADP experienced, actual expenditures, reversions or cost savings achieved.

Table II
Center For the Aged
Authorized FTE Levels

	FY86	FY87	FY88	FY89
Direct Care	50.00	50.00	50.00	50.00
Education	0	0	0	0
Other	50.24	50.24	47.84	47.84
Total	100.24	100.24	97.84	97.84

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	93.02	93.02	92.02	92.02
Personal Services	1,737,472.81	1,741,260	1,914,219	1,928,064
Operating Expenses	349,988.38	340,664	319,560	324,082
Equipment	0.00	548	10,000	0
Total Agency Costs	\$2,087,461.19	\$2,082,472	\$2,243,779	\$2,252,146
General Fund	2,084,528.55	2,079,472	2,239,779	2,248,146
State Special Revenue Fund	2,932.64	3,000	4,000	4,000
Total Funding Costs	\$2,087,461.19	\$2,082,472	\$2,243,779	\$2,252,146
Current Level Services	2,087,461.19	2,082,472	2,243,779	2,252,146
Total Service Costs	\$2,087,461.19	\$2,082,472	\$2,243,779	\$2,252,146

Agency Description

The Eastmont Human Services Center provides a seven-day intermediate nursing care and training program for mentally retarded persons. The staff at the center offers instruction in academics, home living, recreation and physical education, speech, pre-vocational skills, self-help, and socialization. The center's goal is to maintain and improve these residents' skills to enable them to function in the community. To achieve this objective, the staff at Eastmont emphasizes cooperation with community groups and agencies and the education of the public regarding developmental disabilities and mental retardation. This facility is provided for in 53-20-502, MCA.

Issues Addressed/Legislative intent

The legislature deleted a 1.00 FTE custodial worker position. The employee benefits at Eastmont increase from 17% of salaries in the 1987 biennium to 22% of salaries in the 1989 biennium. The total personal services increased from the 1986 actual of \$1,737,473 to \$1,914,219 in FY88 and \$1,928,064 in FY89. This is an increase of \$176,746 in FY88 or 8.7% and \$190,591 in FY89 or a 9.5% increase. Most of this increase is in worker's compensation costs. These rates were increased by 12% each year to address the problem of rising workers compensation rates.

During FY87, this agency generated approximately \$130,000 in vacancy savings to meet the unfunded pay increases and

the actions of the June Special Session of the 49th legislature. The legislature studied the vacancy savings issue and concluded that direct care staff should have less vacancy savings than non-direct care staff. The direct care staff are posted positions and must be filled at all times. Consequently, the legislature applied a 2% rate to direct care staff. They chose to apply a 4% vacancy savings rate to non-direct care staff.

During FY86, Eastmont was inspected by the Health Care Financing Administration (HCFA). It was determined that certain structural modifications were required to meet health care facility standards. The agency made the necessary improvements at the cost of \$43,384. The agency reduced these one-time costs out of their budget for FY88 and FY89. This reduction accounts for most of the decrease in the operational budget.

The legislature authorized a biennial appropriation of \$10,000 for equipment to be purchased at the discretion of management.

The center's donation funding was increased to \$4,000 which should assure adequate funding and authority. The general fund increases by \$155,251 in FY88 and \$163,618 in FY89 over the FY86 actual.

The following tables show the statistical trends in program costs, resident population and staffing.

EASTMONT TRAINING CENTER

Table I
Eastmont Human Services Center
Statistical Data

Factor	FY82 Actual	FY83 Actual	FY84 Actual	FY85 Actual	FY86 Actual	FY87 Authorized	FY88 Authorized	FY89 Authorized
Average Daily Population (ADP)	53.50	51.50	53.80	53.00	53.00	53*	53	53
Total Staff Authorized	92.50	92.50	94.02	94.02	93.02	93.02	92.02	92.02
Variable Cost/Resident	\$4.05	\$5.05	\$6.10	\$7.61	\$7.73			
Fixed Cost/Resident	\$79.24	\$93.60	\$93.39	\$98.08	\$100.02			
Total Cost/Resident	\$83.29	\$98.65	\$99.49	\$105.69	\$107.75	\$107.56**	\$114.49	\$114.92

* The ADP levels for FY87-FY89 are based upon authorized levels. Actual ADP levels fluctuate throughout each fiscal year and cannot be determined until each fiscal year ends.

** The total cost per resident day for FY87-FY89 is based upon authorized level of ADP and staff. These costs could decrease depending upon actual ADP experienced, actual expenditures, reversions or cost savings achieved.

Table II
Eastmont Human Services Center
Authorized FTE Level

	FY86	FY87	FY88	FY89
Direct Care	47.57	47.57	47.57	47.57
Education	0	0	0	0
Other	45.45	45.45	44.45	44.45
Total	93.02	93.02	92.02	92.02

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	69.65	64.49	.00	.00
Personal Services	1,453,932.91	1,368,861	0	0
Operating Expenses	250,647.77	238,027	0	0
Equipment	1,337.04	2,789	0	0
Capital Outlay	63,200.00	0	0	0
Total Agency Costs	\$1,769,117.72	\$1,609,677	\$0	\$0
General Fund	1,661,606.49	1,541,345	0	0
State Special Revenue Fund	1,715.13	2,000	0	0
Federal & Other Spec Rev Fund	105,796.10	66,332	0	0
Total Funding Costs	\$1,769,117.72	\$1,609,677	\$0	\$0
Current Level Services	1,765,564.62	1,609,677	0	0
Budget Amended Services	3,553.10	0	0	0
Total Service Costs	\$1,769,117.72	\$1,609,677	\$0	\$0

Agency Description

The staff at Mountain View School has the responsibility to properly diagnose, care for, train, educate, and rehabilitate female youth between the ages of 10 and 21 years who have

been committed by the courts. A 45-day evaluation program is provided. Each youth is provided with an individualized education program, as well as diagnostic and treatment services. The facility is provided for in 53-30-202, MCA.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	116.97	116.97	.00	.00
Personal Services	2,568,573.08	2,599,678	0	0
Operating Expenses	596,598.53	638,744	0	0
Equipment	14,517.06	0	0	0
Total Agency Costs	\$3,179,688.67	\$3,238,422	\$0	\$0
General Fund	2,594,333.63	2,707,216	0	0
State Special Revenue Fund	45,569.12	42,015	0	0
Federal & Other Spec Rev Fund	539,785.92	489,191	0	0
Total Funding Costs	\$3,179,688.67	\$3,238,422	\$0	\$0
Current Level Services	3,173,914.24	3,238,422	0	0
Budget Amended Services	5,774.43	0	0	0
Total Service Costs	\$3,179,688.67	\$3,238,422	\$0	\$0

Agency Description

The staff at Pine Hills School provides residential services for male youth between the ages of 10 and 21 years who have demonstrated a need for intensive correctional attention. The institution's programs address statutory demands to properly diagnose, care for, train, educate, and rehabili-

tate children in need of these services. The staff also provides 45-day evaluation for boys referred by the youth courts. The primary mission of the school is to address these needs in the most effective and expeditious manner in an effort to return the student to a non institutional environment. The facility is provided for in 53 30-202 MCA.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	365.28	404.53	406.06	406.06
Personal Services	8,460,551.15	9,584,310	10,548,348	10,659,739
Operating Expenses	4,710,296.07	4,751,331	5,363,883	5,586,327
Equipment	63,802.77	713,850	244,645	297,300
Total Agency Costs	\$13,234,649.99	\$15,049,491	\$16,156,876	\$16,543,366
General Fund	10,410,158.62	11,792,935	12,735,624	12,965,505
State Special Revenue Fund	786,089.62	780,201	1,135,745	1,247,541
Federal & Other Spec Rev Fund	125,541.38	91,292	157,137	129,102
Proprietary Fund	1,912,860.37	2,385,063	2,128,370	2,201,218
Total Funding Costs	\$13,234,649.99	\$15,049,491	\$16,156,876	\$16,543,366
Current Level Services	13,135,399.94	15,049,491	16,156,876	16,543,366
Budget Amended Services	99,250.05	0	0	0
Total Service Costs	\$13,234,649.99	\$15,049,491	\$16,156,876	\$16,543,366

Agency Description

The mission of the Montana State Prison is to provide facilities for the custody, treatment, training and rehabilitation of adult criminal offenders. The Prison staff provides treatment programs to aid rehabilitation including: a program of vocational education, on-the-job training, work experience, sports and hobby programs, music programs, self-help groups and alcohol and drug abuse programs. The Prison

Ranch and Dairy provides produce and dairy products to state institutions and other state agencies. The Prison also operates a plant that produces Montana's license plates. In addition, the Prison Industries Program staff provides vocational training for inmates. An expanded industries training program provides additional training opportunities for inmates. The location and function of the prison is provided for in 53-30-101 MCA.

CARE & CUSTODY Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	340.53	379.78	382.31	382.31
Personal Services	7,736,005.98	8,911,672	9,661,011	9,764,850
Operating Expenses	2,663,674.37	2,878,725	3,048,663	3,157,970
Equipment	32,263.27	0	25,000	25,000
Total Program Costs	\$10,431,943.62	\$11,790,397	\$12,734,674	\$12,947,820
General Fund	10,262,152.33	11,647,467	12,562,609	12,801,624
State Special Revenue Fund	51,424.18	51,638	51,424	51,424
Federal & Other Spec Rev Fund	118,367.11	91,292	120,641	94,772
Total Funding Costs	\$10,431,943.62	\$11,790,397	\$12,734,674	\$12,947,820
Current Level Services	10,431,943.62	11,790,397	12,734,674	12,947,820
Total Service Costs	\$10,431,943.62	\$11,790,397	\$12,734,674	\$12,947,820

Program Description

The Care and Custody Program staff use the personnel, procedures, and material available to provide maximum control, retention, and protection of prisoners. The prison's administrative, treatment and educational services are budgeted in this program.

Issues Addressed/Legislative Intent

The legislature accepted the executive recommendation to delete 3.87 FTE in order to meet the actions of the June

Special Session of the 49th legislature. The positions deleted were: 1.00 FTE School Administrator, a .50 FTE Administrative Clerk III, a .57 FTE Clerk Typist II, a 1.00 FTE Corrections Treatment Specialist and a .80 FTE Professional Nurse. This reduction of positions saves \$108,475 each year of the 1989 biennium.

The legislature applied a 1.68% vacancy savings rate to the security staff and a 4% vacancy savings factor to the nonsecurity staff of the prison as recommended by the executive budget.

The department projects the population to reach 968 in FY88 and 990 in FY89. In order to meet the costs of this increased population, the legislature considered and approved the executive recommendation for 6.4 additional correctional personnel to cover four posts continuously. They also authorized operational expenses to meet the rising population at the prison. The total fiscal impact is approximately \$229,000 in FY88 and \$268,000 in FY89.

The operational budget for the prison Care and Custody Program increases from \$2,663,675 in FY86 actual expenditures to \$3,048,663 in FY88 and \$3,157,970 in FY89. This 14.5% increase in operational costs is primarily associated with the additional population costs and also the operating of the additional facilities of the expanded prison. The following items account for most of the operational increases in the prison care and custody program: 1) \$42,499 in electricity 2) \$25,818 in natural gas, 3) \$40,503 for insurance rate increases as charged by the Department of Administration for the expanded facilities, 4) \$7,160 in professional contract increases, 5) \$24,548 in additional buildings and grounds maintenance costs, 6) \$12,450 for increased communication costs, 7) inflation adjustments in operational categories accounts for the balance of the increase.

The legislature approved an equipment budget of \$25,000 each year of the biennium. Some of the discussion on equipment purchases centered on the need for a four wheel drive perimeter patrol vehicle. However, the equipment purchases may be made at management's discretion.

The general fund increases 22.4% in FY88 and 24.7% in FY89 over the FY86 actual expenditures. This increase is primarily due to full staffing now that the expansion project is complete. The prison was budgeted for an additional 39.50 FTE for the expanded prison which was to be complete the second half of FY86. However, the expanded prison was not occupied and staffed until the early part of FY87; consequently, the FY86 actual personal services costs do not reflect the fully staffed expanded prison.

The personal services are also higher because of additional benefit costs. The prison also is budgeted for a 12% increase each year for anticipated worker's compensation costs.

Approval was given for a \$25,000 grant from the National Institute of Corrections to provide training on the intensive treatment unit. Also approved a modified request for \$869 to expend a fund balance for federal boarder contract improvement funds. The prison is allowed to expend these funds in FY88 for recreational supplies.

The legislature approved \$51,424 each year of state special revenue alcohol funds to pay for 2.00 FTE alcohol counselor positions. The following federal funds are appropriated:

1) \$14,975 each year for adult basic education, 2) \$3,204 each year for Title I education funds, 3) \$504 each year for Title II education funds, 4) \$76,089 for federal boarder reimbursements.

The following tables show the statistical trends in program costs, inmate population and authorized levels of staffing.

Table I
Montana State Prison
Statistical Data

Factor	FY82 Actual	FY83 Actual	FY84 Actual	FY85 Actual	FY86 Actual	FY87 To Date	FY88 Authorized	FY89 Authorized
Average Daily Population (ADP)	698	744	740	802	907	926	968*	990
Total Staff Authorized ¹	279	326.57	332.45	332.45	365.28	404.53	406.06	406.06
Variable Cost/Inmate/Day ²	\$5.97	\$6.52	\$4.87	\$4.79	\$4.66			
Fixed Cost/Inmate/Day	\$23.66	\$28.29	\$29.29	\$29.05	\$27.29			
Total Cost/Inmate/Day	\$29.63	\$34.81	\$34.16	\$33.84	\$31.95	\$35.14	\$36.63**	\$36.38
Average Length of Stay (months) ³	23.5	26.0	27.3	29	29			

* The ADP levels for FY87-FY89 are based upon authorized levels. Actual ADP levels fluctuate throughout each fiscal year and cannot be determined until each fiscal year ends.

** The total cost per inmate per day for FY87-FY89 is based upon authorized level of ADP and staff. These costs could decrease depending upon actual ADP experienced, actual expenditures, reversions or cost savings achieved.

1. Total Staff authorized reflects staffing for all prison programs.

2. Variable and fixed costs are computed at the end of each fiscal year based upon actual expenditures.

3. Average length of stay is of those discharged during the fiscal year.

Table II
Montana State Prison
Total Staff Authorized

	FY86	FY87	FY88	FY89
Direct	226.08	256.98	263.38	263.38
Education	14.50	15.00	15.00	15.00
Other	99.95	107.80	103.93	103.93
Total	340.53	379.78	382.31	382.31

RANCH & DAIRY Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	15.75	15.75	12.75	12.75
Personal Services	378,667.25	426,284	440,537	444,742
Operating Expenses	827,439.20	656,755	600,443	606,094
Equipment	25,072.74	713,850	187,500	226,900
Total Program Costs	\$1,231,179.19	\$1,796,889	\$1,228,480	\$1,277,736
Proprietary Fund	1,231,179.19	1,796,889	1,228,480	1,277,736
Total Funding Costs	\$1,231,179.19	\$1,796,889	\$1,228,480	\$1,277,736
Current Level Services	1,231,179.19	1,796,889	1,228,480	1,277,736
Total Service Costs	\$1,231,179.19	\$1,796,889	\$1,228,480	\$1,277,736

Program Description

The Ranch and Dairy Program is a self-sustaining program that provides milk, and other products to the prison and other institutions. The program also provides work experience for the inmates.

Issues Addressed/Legislative Intent

The prison ranch and dairy is funded entirely on a revolving basis through a proprietary account. The ranch and dairy's continued operation depends upon its ability to generate funds from goods purchased and marketed. The prison ranch no longer operates a slaughterhouse operation which proved to be too costly.

Because the slaughterhouse was closed, the ranch and dairy's personal services budget was reduced by 3.00 FTE. The positions deleted by the agency were 2.00 FTE butcher supervisory positions and a 1.00 FTE meatcutter position. Thus, this program is budgeted for 12.75 in FY88 and FY89 rather than the 15.75 FTE reflected in FY86 actual.

The legislature applied zero vacancy savings to this program. The personal services budget includes \$52,334 each year for inmate pay which was previously budgeted in operational services. This action was necessary to properly account for proprietary operations.

There was other operational decreases for required accounting entries that had no cash effect. These non-budgeted items include: 1) \$145,919 each year for livestock inventory adjustments, 2) \$4,376 for other inventory adjustments, 3) \$86,502 each year for depreciation.

The ranch and dairy is expecting higher hay production in the 1989 biennium. Consequently, they project that their cost for hay will be \$58,582 less each year.

The ranch and dairy is a proprietary operation. The purchases of equipment cannot be made unless the operation is profitable enough to generate the necessary revenues.

The equipment request has reviewed by the legislative prison ranch advisory committee. The legislature decided to allow the ranch the authority to make the following equipment purchases as funds become available:

<u>Category</u>	<u>FY88</u>	<u>FY89</u>
Agricultural & Landscaping	\$130,000	\$155,000
Auto and Trucks	30,000	40,000
Shop Plant and Industrial	16,000	20,000
Cattle	10,000	10,000
Horses	1,400	1,400
Total	\$187,500	\$226,900

LICENSE PLATE FACTORY Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	2.00	2.00	2.00	2.00
Personal Services	67,480.89	51,353	72,736	73,439
Operating Expenses	262,717.51	316,179	411,585	422,678
Equipment	453.16	0	0	0
Total Program Costs	\$330,651.56	\$367,532	\$484,321	\$496,117
State Special Revenue Fund	330,651.56	367,532	484,321	496,117
Total Funding Costs	\$330,651.56	\$367,532	\$484,321	\$496,117
Current Level Services	330,651.56	367,532	484,321	496,117
Total Service Costs	\$330,651.56	\$367,532	\$484,321	\$496,117

Program Description

The License Plate Factory Program is responsible for manufacturing all license plates for the State of Montana. The program provides work experience for inmates at the prison. Funding for this program comes from the Department of Justice with the on site technical administration and assistance provided by the industries program.

Issues Addressed/Legislative Intent

A vacancy savings factor was not applied to the personal services of the license plate program budget.

An operational budget of \$411,585 in FY88 and \$422,678 in FY89 was approved. Included in these funds are the supplies and materials for centennial plates. The repair and maintenance budget includes \$20,000 in FY88 and \$30,000 in FY89 for shop plant and industrial equipment. The legislature was concerned about the age of the tag plant equipment and the potential for major repairs.

This program is funded with motor vehicle state special revenues distributed through the Department of Justice. Any excess funds in the motor vehicle account are used in Justice to offset general fund. Consequently, the legislature budgeted this program adequately but with the intent of not increasing general fund obligations in Justice.

PRISON INDUSTRIES REVOLVING Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	4.25	4.25	5.25	5.25
Personal Services	169,417.90	112,318	208,723	210,260
Operating Expenses	366,887.18	294,199	450,088	446,243
Equipment	200.00	0	19,500	45,400
Total Program Costs	\$536,105.08	\$406,517	\$678,311	\$701,903
Proprietary Fund	536,105.08	406,517	678,311	701,903
Total Funding Costs	\$536,105.08	\$406,517	\$678,311	\$701,903
Current Level Services	436,855.03	406,517	678,311	701,903
Budget Amended Services	99,250.05	0	0	0
Total Service Costs	\$536,105.08	\$406,517	\$678,311	\$701,903

Program Description

The Prison Industries Program currently provides work experience in the following areas: furniture construction and repair, upholstery, drafting, printing and post-pole manufacturing and logging. Products from the program are currently sold to other governmental entities and non-profit corporations.

Issues Addressed/Legislative Intent

The prison industries program operates on a proprietary basis. The funds necessary to operate this program are

generated through the industrial goods produced and marketed.

The legislature adopted the executive recommendation of 5.25 FTE each year of the biennium. This level of personal services includes the approval of a 1.00 FTE modified request for an additional Shop Supervisor position. This position will be funded contingent upon the generation of funds from the prison industries program. The legislature did not apply a vacancy savings factor to this program. The personal services does include \$42,955 of inmate pay to provide proper accounting of an enterprise operation as re-

quired by the Accounting Division of the Department of Administration.

This prison industries program has proven to be a successful operation. During FY86, a budget amendment of \$108,170 was approved to provide more authority to receive and utilize additional funds generated from the successful marketing

of the prison industries products. Of the total authorized amendment in FY86, \$99,124 was utilized. All indications are that this trend of successful growth will continue.

The legislature approved a total budget of \$678,311 in FY88 and \$701,903 in FY89. This represents a 26.5% increase to FY88 and a 31% increase in FY89.

PRISON CANTEEN Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	403,404.13	361,031	600,000	700,000
Equipment	609.75	0	0	0
Total Program Costs	\$404,013.88	\$361,031	\$600,000	\$700,000
State Special Revenue Fund	404,013.88	361,031	600,000	700,000
Total Funding Costs	\$404,013.88	\$361,031	\$600,000	\$700,000
Current Level Services	404,013.88	361,031	600,000	700,000
Total Service Costs	\$404,013.88	\$361,031	\$600,000	\$700,000

Program Description

The Prison Canteen Program provides small store services and merchandise for inmates at the Montana State Prison.

Issues Addressed/Legislative Intent

The prison canteen is supported through funds generated from its operation with the exception of 2.00 FTE store manager positions which are paid with general fund. The cost of these two positions is \$49,663 in FY88 and \$49,841 in FY89. The funds generated from the prison canteen are not sufficient to support the store managers. If these positions had to be supported out of canteen funds then the prices of items purchased would be higher than market prices.

The legislature intended to fund the store managers with general fund in the care and custody program and keep the

prices at the prison canteen at a reasonable level. Inmates are required to purchase many personal items through the canteen at a savings of operational costs to the prison care and custody program.

If there are any profits from the prison canteen, the money is used in an inmate welfare fund. These monies are used for indigent inmates for essential items.

The prison canteen increases from a \$404,013 FY86 actual expenditure level to a budgeted level of \$600,000 in FY88 and \$700,000 in FY89. This budgeted increase is due to the fact that two canteens are now operating with the opening of the expanded prison and the budgeted average daily population increases to 968 inmates in FY88 and 990 inmates in FY89. The canteen is funded with state special revenue. Adequate authority is essential to avoid a supplemental situation.

PRISON INDUSTRIES TRAINING Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	2.75	2.75	3.75	3.75
Personal Services	108,979.13	82,683	165,341	166,448
Operating Expenses	186,173.68	244,442	253,104	253,342
Equipment	5,603.85	0	12,645	0
Total Program Costs	\$300,756.66	\$327,125	\$431,090	\$419,790
General Fund	148,006.29	145,468	173,015	163,881
Federal & Other Spec Rev Fund	7,174.27	0	36,496	34,330
Proprietary Fund	145,576.10	181,657	221,579	221,579
Total Funding Costs	\$300,756.66	\$327,125	\$431,090	\$419,790
Current Level Services	300,756.66	327,125	431,090	419,790
Total Service Costs	\$300,756.66	\$327,125	\$431,090	\$419,790

Program Description

The Prison Industries Training Program was established by an act passed during the second special session of the 1981 Legislature. This program provides vocational on-the-job training and work experience for prison inmates. The program is limited to providing services and producing equipment only for state agencies, local governments, school districts and governmental entities. The objectives and functions of this program are provided for in 53-30-131 through 53-30-133 MCA.

Issues Addressed/Legislative Intent

The legislature chose not to apply a vacancy savings factor to the prison industries training program. They authorized 3.75 FTE each year of the 1989 biennium. This is an increase of a 1.00 FTE modified request for a career counselor position. This additional position is federally funded through a Carl Perkins grant. The authorized amount for the position is \$26,125 in FY88 and \$26,330 in FY89. Included in this grant is \$8,371 for educational supplies in fiscal 1988 and \$8,000 in fiscal 1989 for supplies and materials. The grant also includes \$2,000 in FY88 only for drafting and electronics training. These approved modified grants total \$36,496 in FY88 and \$34,330 in FY89.

In order to assure proper accounting, inmate pay was budgeted in personal services rather than the operational portion of the budget.

The industries training operational budget authorized by the legislature does increase by 36% each year. The industries program is housed in a new facility. The utilities for the new

facility increases by \$29,085 each year. The operational portion for the modified grant funds also increased the operational budgets. The remainder of the operational increases is for additional goods purchased for resale amounting to \$25,522 each year.

The legislature approved special language in the appropriations bill which allows this agency to maintain \$15,000 at the end of each fiscal year in the proprietary account. This action is in response to a legislative audit recommendation. The specific language reads:

"The department is authorized to maintain a fund balance of not more than \$15,000 at the end of each fiscal year in the prison industries training proprietary account. Any funds in excess of \$15,000 in the proprietary account are subject to the provisions of section 3."

The prison industries training program is funded with three sources of revenue. The general fund constitutes roughly 40% of the revenue and was authorized at \$173,015 in FY88 and \$163,881 in FY89. The federal grant monies are for the approved modified grants as discussed. The proprietary or enterprise funds are appropriated at \$221,579 in each year.

The 1983 legislature established the prison industries training program in the second special session in fiscal 1982. At that time it was understood that the program was not expected to be self supporting and that general fund would be required to maintain the program's operations. This was also the intent of the 50th legislature.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	26.83	25.83	25.83	25.83
Personal Services	666,525.64	645,852	662,447	666,131
Operating Expenses	267,322.48	282,104	296,692	297,015
Equipment	13,228.94	3,650	12,000	0
Total Agency Costs	\$947,077.06	\$931,606	\$971,139	\$963,146
General Fund	829,228.24	817,362	845,854	848,631
State Special Revenue Fund	79,010.99	74,794	86,383	86,617
Federal & Other Spec Rev Fund	38,837.83	39,450	38,902	27,898
Total Funding Costs	\$947,077.06	\$931,606	\$971,139	\$963,146
Current Level Services	940,121.23	931,606	971,139	963,146
Budget Amended Services	6,955.83	0	0	0
Total Service Costs	\$947,077.06	\$931,606	\$971,139	\$963,146

Agency Description

The Swan River Forest Camp is responsible for developing and maintaining a rehabilitation-oriented program for youthful offenders (ages 18 through 26) committed to its care and custody. The staff works cooperatively with the Division of Forestry, Department of State Lands. The program for these offenders includes fair and humane treatment in a minimally restrictive setting. The staff provides educational opportunities, psychological services, work programs, training in living skills, and realistic planning for each youth's return to the community. This facility is provided for in section 53-30-202, MCA.

Issues Addressed/Legislative Intent

The legislature authorized 25.83 FTE in FY88 and FY89. This is a reduction of 1.00 FTE from the FY86 level. The business manager position was deleted upon the retirement of the superintendent in FY86. The incumbent of the business manager position was promoted to superintendent at that time. The present superintendent performs the functions of both positions.

The legislature chose to apply a 2% vacancy savings factor to all staff at this institution. This action generates vacancy savings of \$13,519 in FY88 and \$13,594 in FY89.

The operational portion of this program's budget increases from \$267,323 in FY86 to \$297,015 in FY89. A new sewer treatment plant at the camp accounts for much of this increase in the operational budget. There is an additional cost for sewer plant maintenance of \$9,900 in FY88 and \$10,750 in FY89. The utility cost increases by \$1,150 each year for the new treatment plant based on cost estimates of the project engineer. The plant is built on forest service land which is leased at the cost of \$1,000 each year.

The operational budget also increased \$6,675 each year in goods purchased for resale for the canteen. Spending authority for these items increased to \$58,000 each year. These goods purchased include personal items not provided by the agency. Also included in these goods is the clothing for the inmates which they must purchase through the canteen. Inflationary adjustments account for most of the remaining operational increases.

The legislature authorized two modified requests. The first was \$7,032 for the biennium in federal contract improvement funds to be used for recreational and educational items. The second modified request authorized was \$4,000 in FY88 in federal education funds from a Carl Perkins grant to be used for educational equipment and supplies.

This institution is funded with general fund, state special revenue, and federal revenue. The total budget is \$971,139 in FY88 and \$963,146 in FY89. The general fund is the greater portion of this budget at \$845,854 in FY88 and \$848,631 in FY89. The general fund increases 3.64% over the FY86 actual level.

The state special revenue includes \$58,000 each fiscal year for canteen funds. It also includes funding of \$28,383 in FY88 and \$28,617 in FY89 to fund an alcohol counselor position.

The legislature authorized \$8,000 for the biennium for equipment purchases. These purchases are to be made at the discretion of management.

The Swan River Forest Camp has the capacity for 54 inmates. The FY86 average daily population was 51 inmates. The FY86 actual ADP level is not expected to increase in the 1989 biennium.

The following tables show the statistical trends in program costs, inmate population and authorized levels of staffing.

Table I
Swan River Forest Camp
Statistical Data

Factor	FY82 Actual	FY83 Actual	FY84 Actual	FY85 Actual	FY86 Actual	FY87 Authorized	FY88 Authorized	FY89 Authorized
Average Daily Population (ADP)	53	51	54	53	53	51*	51	51
Total Staff Authorized	27.33	26.33	26.33	26.33	26.83	25.83	25.83	25.83
Variable Cost/Inmate/Day	\$6.78	\$7.12	\$7.04	\$6.95	\$6.88			
Fixed Cost/Inmate/Day	\$35.77	\$37.68	\$39.51	\$43.72	\$41.04			
Total Cost/Inmate/Day	\$42.55	\$44.80	\$46.55	\$50.67	\$47.92	\$49.69**	\$49.05	\$48.62
Average Length of Stay (months)	6.74	7.49	6.48	6.08	7.57			

* The ADP levels for FY87-FY89 are based upon authorized levels. Actual ADP levels fluctuate throughout each fiscal year and cannot be determined until each fiscal year ends.

** The total cost per inmate per day for FY87-FY89 is based upon authorized level of ADP and staff. These costs could decrease depending upon actual ADP experienced, actual expenditures, reversions or cost savings achieved.

Table II
Swan River Forest Camp
Authorized FTE Levels

	FY86	FY87	FY88	FY89
Direct	15.55	15.55	15.55	15.55
Education	1.00	1.00	1.00	1.00
Other	10.28	9.28	9.28	9.28
Total	26.83	25.83	25.83	25.83

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	74.50	74.50	81.30	81.30
Personal Services	1,346,154.90	1,365,213	1,685,846	1,700,448
Operating Expenses	478,166.73	521,777	502,095	523,035
Equipment	0.00	11,843	11,596	0
Total Agency Costs	\$1,824,321.63	\$1,898,833	\$2,199,537	\$2,223,483
General Fund	441,336.40	484,554	542,000	552,504
State Special Revenue Fund	15,337.71	20,764	20,764	20,764
Federal & Other Spec Rev Fund	1,367,647.52	1,393,515	1,636,773	1,650,215
Total Funding Costs	\$1,824,321.63	\$1,898,833	\$2,199,537	\$2,223,483
Current Level Services	1,824,321.63	1,898,833	2,199,537	2,223,483
Total Service Costs	\$1,824,321.63	\$1,898,833	\$2,199,537	\$2,223,483

Agency Description

The Veterans' Home provides a home for qualified veterans, and in some instances, for spouses of eligible veterans. In addition to the domiciliary, there is extended care available for those requiring nursing care. This facility is provided for in 10-2- 401 through 10-2-404, MCA.

Issues Addressed/Legislative Intent

The Montana Veterans' Home is budgeted for 81.30 FTE each year of the 1989 biennium. In order to meet budget reductions and to cover unfunded pay plan obligations, 3.70 FTE were deleted from the FY86 actual level of 74.50 FTE. The positions eliminated were a 1.00 FTE Stock Clerk, a .50 FTE Physical Therapist, a 1.00 FTE Maintenance Worker III, a 1.00 Custodial Worker III, and a .20 FTE Food Service Worker II. These actions reduced the budgeted FTE to the executive proposal of 70.80 in FY88 and FY89. The legislature applied a 1.6% vacancy savings factor to direct care staff and a 4% rate to non-direct care staff.

The legislature approved a modified proposal to convert 24 domiciliary beds to nursing care beds. This modification provides nursing services to 19 residents who are presently receiving domiciliary care but need a higher level of nursing care. An additional 5 beds will be provided to veterans on the waiting list. This increases the average daily population by five to a total of 135 residents. This modification also increases the personal services by 10.50 FTE. These positions are primarily nurses and nurse aides. Thus, the total budgeted FTE level of positions at the Veterans' Home is 81.30 each year of the 1989 biennium.

The additional nursing modification costs \$217,955 in FY88 and \$219,434 in FY89. This action is funded by three sources: 1) general fund, amounting to \$39,596 in FY88 and \$41,075 in FY89, 2) federal veterans' administration funds, totalling \$96,298 each year and 3) third party reimbursements of \$82,061 each year.

On July 8, 1986, the Board of Personnel Appeals upgraded twenty nurse positions in settlement of group classification appeals. The general fund impact of upgrading these posi-

tions is \$29,384 in FY88 and \$27,457 in FY89. The cost of these upgrades was included in the personal services authorized by the legislature.

The operational costs were reduced by \$24,995 from the budget base. This amount was used for a one time expense for the installation of two new boilers. The legislature chose to move audit costs of \$7,392 to the Management Services Division of the central office. There was an increase of \$5,720 each year for the operational expenses associated with the operational costs for the additional nursing beds modification. The goods purchased for resale category accounts for a \$5,426 operational increase each year. The remaining operational increases can be attributed to inflationary adjustments and additional utility costs. The natural gas was increased \$9,857 to reflect a full year of operations for the two new boilers.

The Veterans' Home has general fund, state special revenue, and federal and private revenue. The general fund increases 23% because of the approval of the modification, personal service increases due to classification appeals and additional benefit costs such as workers compensation, operational increases and inflationary adjustments.

The federal and private revenue comes from three sources: 1) \$3,000 each year from interest and income earnings, 2) \$642,904 each year for federal veterans' administration reimbursement, 3) \$990,869 in FY88 and \$1,004,311 for private and third party reimbursements. The residents are reimbursed from the veterans' administration at the rate of \$17.05 per day for nursing care and \$7.30 per day for domiciliary care.

In 1984, a new wing was added to the veterans' home which increased the total capacity of the facility to 151 beds. The facility could then house 85 domiciliary beds and 66 nursing care beds. Including the approval of the modification, the actions of the 50th legislature budgets for an ADP of 135 residents. This budget reflects funding for 87 nursing care residents and 48 domiciliary residents in FY88 and FY89.

The following tables show the statistical trends in program costs, resident population and authorized levels of staffing.

Table I
Montana Veteran's Home
Statistical Data

Factor	FY82 Actual	FY83 Actual	FY84 Actual	FY85 Actual	FY86 Actual	FY87 Authorized	FY88 Authorized	FY89 Authorized
Average Daily Population (ADP)	114.20	115.80	118.20	126.20	125.40	136*	135	135
Total Staff Authorized	61.08	61.08	65.68	74.00	74.50	74.50	81.30	81.30
Variable Cost/Resident/Day	\$2.48	\$3.28	\$3.53	\$4.97	\$5.77			
Fixed Cost/Resident/Day	\$28.39	\$29.77	\$31.86	\$32.94	\$34.08			
Total Cost/Resident/Day	\$30.87	\$33.05	\$35.39	\$37.91	\$39.85	\$37.67	\$44.21**	\$44.70

* The ADP levels for FY88-FY89 are based upon authorized levels. Actual ADP fluctuate throughout each fiscal year and cannot be determined until each fiscal year ends.

** The total cost per resident day for FY88-FY89 is based upon authorized level of ADP and staff. These costs could decrease depending upon actual ADP experienced, actual expenditures, reversions or cost savings achieved.

Table II
Montana Veteran's Home
Authorized FTE Level

	FY86	FY87	FY88	FY89
Direct Care	33.55	33.55	43.44	43.55
Education	0	0	0	0
Other	40.95	40.95	37.75	37.75
Total	74.50	74.50	81.30	81.30

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	701.20	701.20	705.05	720.00
Personal Services	16,344,283.64	16,471,847	18,340,518	18,552,673
Operating Expenses	2,923,731.23	3,088,376	3,189,626	3,297,592
Equipment	55,213.84	0	41,050	30,600
Total Agency Costs	\$19,323,228.71	\$19,560,223	\$21,571,194	\$21,880,265
General Fund	17,596,933.03	17,841,512	19,826,836	20,146,957
State Special Revenue Fund	1,720,309.91	1,713,608	1,740,583	1,729,533
Federal & Other Spec Rev Fund	5,985.77	5,103	3,775	3,775
Total Funding Costs	\$19,323,228.71	\$19,560,223	\$21,571,194	\$21,880,265
Current Level Services	19,321,018.00	19,560,223	21,571,194	21,880,265
Budget Amended Services	2,210.71	0	0	0
Total Service Costs	\$19,323,228.71	\$19,560,223	\$21,571,194	\$21,880,265

Agency Description

The Montana State Hospital performs three treatment functions: 1) psychiatric care and treatment on the Warm Springs campus, 2) medical care on the Galen campus and 3) chemical dependency rehabilitative care on the Galen campus. The psychiatric program serves mentally ill persons who cannot be appropriately treated in community programs. The medical care unit provides hospital and long term care for Montana State Hospital patients who have serious medical conditions and also provides detoxification for chemically dependent admissions. The chemical dependency unit provides a 28-day alcoholism rehabilitation program and a long term program for individuals with other drug dependencies.

Issues Addressed/Legislative Intent

The legislature adopted the executive recommendation to delete 9.10 FTE from the Montana State Hospital budget to meet the FY87 unfunded pay plan and other actions of the June Special Session of the 49th legislature. The positions deleted are as follows:

FTE	Title
1.00	Associate CEO
1.00	Fabric Worker
1.00	Respiratory Therapy Aide
.60	EEG Technician
1.00	Administrative Officer III
1.00	Personnel Clerk
.50	Chaplin
1.00	Word Processing Operator III
1.00	Food Service Worker I
1.00	Painter

Total 9.10

These 9.10 deletions reduced the hospital's personal services costs by \$227,426 in FY88 and \$226,179 in FY89.

Additionally, the legislature chose to delete two physician positions but maintained the funding of approximately \$140,000 each year, to be used to provide higher salaries for psychiatrists and to pay for on-call services of existing medical staff. The hospital has faced difficult recruitment problems for psychiatrists and physician positions. It was legis-

lative intent for these funds to be used to address and hopefully resolve the problem.

A 4% vacancy savings factor for non-direct care staff and a 2% factor for non-direct care staff was applied to this institution.

The legislative audit costs of \$27,384 in FY88 were transferred to the Management Services Division of the central office where all audit costs for the various institutions have been consolidated by this legislature.

The Department of Administration quoted an increase in insurance and bonds from \$78,042 in FY86 to \$178,608 each year of the 1989 biennium. This \$100,566 increase accounts for a major portion of the operational increases in this budget. The remainder of the operational increases are attributable to inflationary adjustments.

The legislature authorized \$44,050 in FY88 and \$30,000 in FY89 for equipment purchases. Included in the FY88 equipment is \$11,050 for the purchase of canteen equipment to be purchased with canteen funds.

Presently, a new forensic unit is being constructed at the Montana State Hospital. A modified request was approved to staff and operate the new facility which is expected to open in January of 1988. This action adds 14.95 FTE in FY88 and 29.90 FTE in FY89. A 2% vacancy savings factor was also applied to the direct care staff and a 4% factor was applied to the non-direct care staff of the new unit. The total cost of staffing and operating the forensic unit is supported with general fund amounting to \$358,965 in FY88 and \$659,636 in FY89. The new unit will house an average daily population (ADP) of 100 patients; whereas, the existing structure has an ADP of 74 patients.

General fund for FY88 is budgeted at \$19,826,836 in FY88 and \$20,146,957 in FY89. This is a 12.6% increase in FY88 and a 14.5% increase in FY89. The increase is due primarily to the approval of the modified request for the forensic unit.

Alcohol funding is maintained at the FY86 level of \$1,595,609. The alcohol funds constitute the majority of the state special revenues. Also included in state special revenue are canteen funds of \$127,974 in FY88 and \$116,924 in FY89. This account also includes \$17,000 each year for donation funds. Thus, the total authorized in state special revenue account is \$1,740,583 in FY88 and \$1,729,533 in FY89.

The hospital also has federal and private funding. There are federal school lunch funds, which are maintained at the FY86 level of \$2,644 in each year of the 1989 biennium.

There is also \$1,131 each year for interest and income earnings.

The following tables show the statistical trends in program costs, resident population and authorized levels of staffing.

Table I
Montana State Hospital
Statistical Data

Factor	FY82 Actual	FY83 Actual	FY84 Actual	FY85 Actual	FY86 Actual	FY87 Authorized	FY88 Authorized	FY89 Authorized
Average Daily Population (ADP)	558.20	687.50	\$74.40	500.80	473.00	473*	473	473
Total Staff Authorized	759.22	758.97	754.60	707.20	701.20	701.20	705.05	720.00
Variable Cost/Resident	\$5.46	\$5.07	\$6.12	\$6.25	\$6.61			
Fixed Cost/Resident	\$84.05	\$74.05	\$86.95	\$99.87	\$105.32			
Total Cost/Resident	\$89.51	\$79.12	\$93.07	\$106.12	\$111.93	\$112.70**	\$124.20	\$126.05

* The ADP levels for FY87-FY89 are based upon authorized levels. Actual ADP levels fluctuate throughout each fiscal year and cannot be determined until each fiscal year ends.

** The total cost per resident day for FY87-FY89 is based upon authorized level of ADP and staff. These costs could decrease depending upon actual ADP experienced, actual expenditures, reversions or cost savings achieved.

Table II
Montana State Hospital
Authorized FTE Levels

	FY86	FY87	FY88	FY89
Direct Care	331.10	331.10	344.55	358.00
Education	8.00	8.00	8.00	8.00
Other	362.10	361.10	352.50	354.00
Total	701.20	701.20	705.05	720.00

BOARD OF PARDONS

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	4.00	4.00	4.00	4.00
Personal Services	129,312.02	123,042	127,695	127,654
Operating Expenses	29,254.03	36,800	32,744	32,787
Equipment	1,492.14	0	0	0
Debt Service	562.50	0	0	0
Total Agency Costs	\$160,620.69	\$159,842	\$160,439	\$160,441
General Fund	160,620.69	159,842	160,439	160,441
Total Funding Costs	\$160,620.69	\$159,842	\$160,439	\$160,441
Current Level Services	160,620.69	159,842	160,439	160,441
Total Service Costs	\$160,620.69	\$159,842	\$160,439	\$160,441

Agency Description

The Board of Pardons consists of three regular members and an auxiliary member appointed by the Governor with the advice and consent of the Senate. The board is responsible for the release of inmates on parole and furlough, and reviews and makes recommendations to the Governor on all cases of executive clemency. The board endeavors to secure the effective application and improvement of the Parole and Probation System and the laws upon which it is based. The board is allocated to the Department of Institutions for administrative purposes. Statutory authority of the board is found in sections 2-15-2302 and 46-23-104, MCA.

Issues Addressed/Legislative Intent

The legislature authorized the same level of 4.00 FTE in the 1989 biennium as the 1987 biennium. There was not a

vacancy savings factor applied to this program. The personal services declined from \$129,313 in FY86 to \$127,695 budgeted in FY88 and \$127,654 in FY89. This 1.25% decline in personal services was due to position turnover in FY86.

The slight decline in personal services is offset with operational increases. Most of the increase in operations is in communication. These costs increase by \$2,244 each year because the Board of Pardons has to pay for costs which were formerly paid by the prison.

Overall, this budget \$182 less in FY88 and \$180 less in FY89 than FY86 actual expenditures of \$160,621. This budget is funded by general fund monies.

The following table shows some of the Board of Pardon's parole statistical data from calendar year 1976 through calendar year 1986.

Table 1
Montana Board of Pardons
Statistical Data
Calendar Years 1976-1986

Column	1	2	3	4	5	6	7
	Total	Interviewed		First Time	Average	Parole	Revoked for
	Cases	for Parole	Paroled-% age	Offenders	Months	Revocations	New Crimes
				Incarcerated			
1976	590	371	274 (73%)	83%	13.8	90 (32.8%)	20 (13.7%)
1977	743	446	322 (72%)	80%	12.5	105 (32.6%)	25 (7.0%)
1978	799	390	253 (65%)	68%	13.9	125 (49.0%)	31 (12.0%)
1979	730	382	279 (73%)	61%	15.5	83 (29.7%)	18 (6.0%)
1980	727	380	267 (70%)	67%	18.2	75 (28.0%)	18 (7.0%)
1981	866	437	336 (76%)	48%	16.9	95 (28.3%)	22 (6.0%)
1982	913	470	329 (69%)	46%	14.4	78 (23.7%)	19 (5.7%)
1983	971	476	333 (70%)	40%	16.8	78 (23.4%)	26 (7.8%)
1984	998	507	271 (53%)	37%	15.8	92 (35.0%)	25 (9.2%)
1985	1048	561	236 (42%)	37%	18.0	96 (40.0%)	27 (11.4%)
1986	1073	547	309 (56%)	34%	18.6	80 (25.8%)	16 (5.0%)
	(89.4/mo)	(45.5/mo.)	(25.7/mo)			(6.6/mo)	

Agency Summary Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	95.52	112.26	.00	.00
Personal Services	1,677,473.20	1,042,189	0	0
Operating Expenses	463,243.37	229,263	0	0
Equipment	129.00	0	0	0
Debt Service	232.95	0	0	0
Total Agency Costs	\$2,141,078.52	\$1,271,452	\$0	\$0
General Fund	2,095,064.74	1,201,832	0	0
Federal & Other Spec Rev Fund	38,000.16	41,555	0	0
Proprietary Fund	8,013.62	28,065	0	0
Total Funding Costs	\$2,141,078.52	\$1,271,452	\$0	\$0
Current Level Services	2,133,191.36	1,271,452	0	0
Budget Amended Services	7,887.16	0	0	0
Total Service Costs	\$2,141,078.52	\$1,271,452	\$0	\$0

Agency Description

The Montana Youth Treatment Center is a 60-bed facility which provides inpatient psychiatric treatment for seriously emotionally disturbed youth. The Center provides a full range of mental health treatment services and, in addition, offers education, recreation, and vocational counseling programs.

Issues Addressed/Legislative Intent

During the June 1986 Special Session, the legislature passed HB 36 which authorized the sale of the Montana Youth Treatment Center to a private provider. Since that time the facility has been sold effective December 31, 1986. Consequently, there is no budget for this program in the 1989 biennium.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	278.95	271.45	343.60	344.60
Personal Services	7,046,958.12	7,421,474	9,587,502	9,630,891
Operating Expenses	5,720,131.09	6,000,277	14,370,427	14,267,636
Equipment	418,630.58	39,738	260,625	301,878
Capital Outlay	3,550.18	0	0	0
Local Assistance	0.00	0	1,111,169	1,135,607
Grants	43,451,284.85	44,763,630	22,625,087	20,638,317
Transfers	374,278.50	0	21,209,288	21,401,934
Debt Service	54,948,642.98	0	509,190	3,924
Total Agency Costs	\$111,963,476.30	\$58,225,119	\$69,673,288	\$67,380,187
General Fund	9,350,978.18	14,729,721	5,166,141	4,732,206
State Special Revenue Fund	25,922,289.77	22,122,306	14,088,964	13,785,514
Federal & Other Spec Rev Fund	18,174,083.46	17,894,707	19,847,351	18,324,820
Proprietary Fund	58,516,124.89	3,478,385	30,570,832	30,537,647
Total Funding Costs	\$111,963,476.30	\$58,225,119	\$69,673,288	\$67,380,187
Current Level Services	<u>111,963,476.30</u>	<u>58,225,119</u>	<u>69,673,288</u>	<u>67,380,187</u>
Total Service Costs	\$111,963,476.30	\$58,225,119	\$69,673,288	\$67,380,187

Agency Description

The Department of Commerce was established by section 2-15-1801, MCA, to encourage and promote commerce-related activities in Montana through a wide spectrum of programs. Some of the programs are designed to foster stable, diversified economic development by providing various types of assistance to businesses wishing to develop or expand within the state. Two integral parts of the department's mission are: the maintenance and development of transportation systems that will provide a cost effective means of bringing commercial products to local, national, and international markets; and the marketing of the state as a vacation destination and motion picture location site.

Other programs within the department exist to provide financial and technical assistance to counties and communities in which the local tax base is inadequate or where rapid development has affected the ability of those entities to provide essential services to their citizens.

The department also includes provision for licensing certain professional and occupational business men and women to insure a high standard of service to the citizens of Montana.

In addition, other programs are designed to provide assurance to consumers regarding the price, quantity and quality of various retail and wholesale commodities.

The 1987 Legislature created a new Board of Investments by merging the functions of the previous board and of the Montana Economic Development Board. The new board has been assigned for administrative purposes to the department.

Issues Addressed/Legislative Intent

The 1988-89 biennium HB2 appropriation for the Department of Commerce reflects, for the most part, the Executive Budget recommendations for program support, the introduction of several economic development initiatives, and major replacement of general fund with the 4% accommodations tax to expand support of efforts to promote Montana. The legislature did reduce general fund support for some existing

programs for an additional \$.500 million savings beyond the executive recommendation.

Small Business Development Centers were approved to provide further stimulus for small business development in the state. These centers (one in Helena and one in Glendive) will involve joint efforts by the department, the university system, local development organizations and the federal Small Business Administration.

A Seed Capital Fund was established through passage of HB700 to provide additional resources to invest in seed and startup stage companies in Montana that are attempting to develop and market technology-based products and services.

The Pacific Rim Trade Office project has been funded to continue efforts to expand Montana's cattle, grain and tourism markets. The startup costs will be funded by the Montana Accommodations Tax and private sector organizations.

Rail improvement funds will be available for specific projects in the biennium. Interest on funds from the settlement paid by Burlington-Northern will provide capital to be matched by project recipients.

Passage of SB200 eliminated the flat fee for light vehicle registration and re-established the ad valorem tax. The act eliminates the statewide Local Government Block Grant program and changes the funding of the District Court Reimbursement program to a percentage of the ad valorem tax collections. The oil severance tax proceeds that were dedicated to support of the LGBG will now go directly into the general fund. The act attempts to provide a stable source of revenue for local governments, rather than have them rely on declining oil severance tax collections and uncertain state general fund support.

The Lottery Division was funded at essentially the levels recommended in the executive budget. The video poker operation was transferred to the department from the Department of Revenue, the 5% sales commission was removed from the 15% administrative cap and projected revenue estimates were accepted. The legislature did expand

the function of the division by requiring regulation of keno machines as well as of electronic poker machines and changed the source of revenue from a license fee to a percent of net income per machine.

The legislature agreed to the Executive proposal to merge the functions of the Board of Investments in the Department of Administration and the functions of the Montana Economic Development Board and to create a new Board of Investments to direct the merged functions.

The passenger tramway safety licensing function was moved to the department from the Department of Administration, the Board of Outfitters was moved to the department from

the Department of Revenue and departmental reorganization was reflected in appropriation authority.

The net effect of all these actions has been an increase of total budgeted biennial appropriation authority in the amount of \$23 million over FY86 base year expenditures (excluding non-budgeted debt service expenditures). This includes biennial funding redistributions involving a reduction of general fund totalling \$8.8 million, a decrease in state special revenue authority of \$24 million, an increase of \$1.8 million of federal and private special revenue authority, and an increase of \$54 million of proprietary fund authority.

BUSINESS LICENSING/REGULATION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	1.00	2.30	1.00	1.00
Personal Services	51,889.56	70,252	51,187	51,522
Operating Expenses	9,760.00	8,065	101,661	101,474
Equipment	6,500.00	0	0	0
Total Program Costs	\$68,149.56	\$78,317	\$152,848	\$152,996
General Fund	5,011.96	21,089	0	0
State Special Revenue Fund	63,137.60	57,228	93,059	93,059
Proprietary Fund	0.00	0	59,789	59,937
Total Funding Costs	\$68,149.56	\$78,317	\$152,848	\$152,996
Current Level Services	68,149.56	78,317	152,848	152,996
Total Service Costs	\$68,149.56	\$78,317	\$152,848	\$152,996

Program Description

The Business Licensing and Regulation Program Support Program represents the budget for the operation of the Business Regulation Division Administrator. The Administrator supervises the direction of the regulatory and licensing functions performed by the Building Codes, Milk Control, Professional and Occupational Licensing, and the Weights and Measures Bureaus.

Issues Addressed/Legislative Intent

The total appropriation authority for this program increases by 124% over FY86 base year expenditure level. This results from:

- (1) an approved increase in travel of about \$3,000 per year for the program administrator;
- (2) transfer of the passenger tramway safety function from the Department of Administration to this program in accordance with SB78, for an increase of \$18,509 per year;
- (3) approval of an additional \$75,000 of state special revenue fund appropriation authority to establish a legal costs pool for unanticipated legal costs of the Professional and Occupational Licensing boards, Milk Control and Building Codes programs.

WEIGHT & MEASURES BUREAU Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	12.00	12.00	12.00	12.00
Personal Services	296,336.14	290,430	302,061	302,951
Operating Expenses	122,505.63	123,588	123,097	120,527
Equipment	25,476.20	5,298	12,700	12,700
Total Program Costs	\$444,317.97	\$419,316	\$437,858	\$436,178
General Fund	444,317.97	419,316	437,858	436,178
Total Funding Costs	\$444,317.97	\$419,316	\$437,858	\$436,178
Current Level Services	444,317.97	419,316	437,858	436,178
Total Service Costs	\$444,317.97	\$419,316	\$437,858	\$436,178

Program Description

The staff of the Weights and Measures Bureau test and inspect all weighing and measuring devices and are responsible for calibrating all weights and measures. The bureau staff are also responsible for quality control of all petroleum products. They investigate complaints concerning violations of weights and measures laws and regulations; regulate labeling, advertising, and quantity control of prepackaged products; license all state petroleum dealers; and collect license and scale test fees, as well as impose late penalties.

Issues Addressed/Legislative Intent

General fund biennial appropriation authority for this program decreases 2% from FY86 base year expenditure level. The difference is primarily accounted for by a reduced authorization for equipment purchases in the 1988-89 biennium. \$12,700 per year is authorized for vehicle replacement.

Revenues from licensing and regulatory fees of this program are projected to contribute approximately 49% of the cost of the program in the 1988-89 biennium.

FINANCIAL DIVISION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	21.00	21.00	21.00	21.00
Personal Services	485,744.40	551,802	577,839	577,829
Operating Expenses	198,874.39	177,824	213,113	207,544
Equipment	6,500.00	550	0	0
Total Program Costs	\$691,118.79	\$730,176	\$790,952	\$785,373
State Special Revenue Fund	691,118.79	730,176	790,952	785,373
Total Funding Costs	\$691,118.79	\$730,176	\$790,952	\$785,373
Current Level Services	691,118.79	730,176	790,952	785,373
Total Service Costs	\$691,118.79	\$730,176	\$790,952	\$785,373

Program Description

The Financial Division consists of the State Banking Board and Department of Commerce staff who are responsible for chartering, licensing, supervising, and examining state banks, savings and loan associations, credit unions, consumer loan licensees, sales finance companies and Montana development companies/boards. They act as guardian of the public's interests in Montana's financial institutions and seek to prevent loss resulting from mismanagement or insol-

veny of state financial organizations. Statutory authority for these functions resides in Title 32 of the MCA.

Issues Addressed/Legislative Intent

The appropriation authority for the 1988-89 biennium increases by 14% over FY86 base year expenditure levels. This reflects personal services costs at full staffing, although a 4% vacancy savings rate was applied. Increases in travel will accommodate full staff. There were also increases in computer costs, insurance and rent. No equipment purchases were authorized.

**MILK CONTROL BUREAU
Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	8.00	8.00	8.00	8.00
Personal Services	182,683.18	182,311	192,331	192,152
Operating Expenses	90,451.80	75,338	89,418	87,446
Equipment	10,680.06	0	0	0
Total Program Costs	\$283,815.04	\$257,649	\$281,749	\$279,598
State Special Revenue Fund	283,815.04	257,649	281,749	279,598
Total Funding Costs	\$283,815.04	\$257,649	\$281,749	\$279,598
Current Level Services	283,815.04	257,649	281,749	279,598
Total Service Costs	\$283,815.04	\$257,649	\$281,749	\$279,598

Program Description

The staff of the Milk Control Bureau are responsible for supervising, regulating and controlling the milk industry of this state. They investigate all matters pertaining to production, processing, storage, distribution and sale of milk. The Bureau is charged with insuring compliance by all licensees through minimum pricing, fair trade rules, extension of credit and financing prohibitions of the law. Intelligent production and orderly marketing of milk and cream products are encouraged to guarantee an adequate supply of healthful milk to the consuming public at the least possible cost.

the 1988-89 biennium from base year FY86 expenditures. This is the net effect of reductions in contracted services, supplies and materials, communication and travel costs, increases in rent and repair and maintenance and no authorized equipment purchases in the 1988-89 biennium.

The following language was added to HB2:

"If the board of milk control receives a petition to establish a state pooling arrangement as a method of paying producer prices, the department may request a budget amendment for additional operating costs for holding hearings and establishing the pool. Receiving of such a petition is considered to be an emergency under the provisions of 17-7-403[MCA]."

Issues Addressed/Legislative Intent

Staffing for this program remains at FY86 base level. Total appropriation authority for this program decreases by 1% in

**POL BUREAU
Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	34.21	35.91	30.43	30.43
Personal Services	776,343.39	897,716	841,347	839,928
Operating Expenses	768,126.79	1,017,002	1,618,495	1,601,805
Equipment	78,126.32	13,493	802	0
Grants	0.00	2,500	0	0
Transfers	0.00	0	100,000	100,000
Total Program Costs	\$1,622,596.50	\$1,930,711	\$2,560,644	\$2,541,733
State Special Revenue Fund	1,622,596.50	1,930,711	1,846,166	1,835,579
Proprietary Fund	0.00	0	714,478	706,154
Total Funding Costs	\$1,622,596.50	\$1,930,711	\$2,560,644	\$2,541,733
Current Level Services	1,622,596.50	1,930,711	2,560,644	2,541,733
Total Service Costs	\$1,622,596.50	\$1,930,711	\$2,560,644	\$2,541,733

Program Description

The Professional and Occupational Licensing Bureau is designed to provide the administrative and clerical services required by the professional licensing boards. Services provided by the bureau include correspondence, application processing, issuing licenses, renewing licenses, monitoring continuing education, investigating complaints, administer-

ing and grading examinations, taking minutes of board meetings and maintaining board records. Services are provided to the following boards:

Board of Athletics
Board of Architects
Board of Barbers
Board of Chiropractors

Board of Cosmetologists
 Board of Dentistry
 Board of Hearing Aid Dispensers
 Board of Landscape Architects
 Board of Medical Examiners
 Board of Morticians
 Board of Nursing
 Board of Nursing Home Administrators
 Board of Occupational Therapists
 Board of Optometrists
 Board of Outfitters
 Board of Pharmacists
 Board of Physical Therapy Examiners
 Polygraph Licensing
 Private Security Patrolmen and Investigators
 Board of Professional Engineers and Land Surveyors
 Board of Psychologists
 Board of Public Accountants
 Board of Radiologic Technologists
 Board of Realty Regulation
 Board of Sanitarians
 Board of Social Workers & Professional Counselors
 Board of Speech Pathologists and Audiologists
 Board of Veterinarians

Board	FY88	FY89
Chiropractors	\$ 2,000	\$ 2,000
Morticians	5,071	5,870
Prof.Engrs/Land Surveyors	2,000	0
Public Accountants	26,000	26,000
Total	\$ 35,071	\$ 33,870

Language is included in HB2 concerning two of the boards:

"If a computerized adaptive testing program becomes mandatory in fiscal 1989, the board of nursing may request a budget amendment to cover the costs of implementing the program. If computerized adaptive testing becomes mandatory, this is considered an emergency under the provisions of 17-7403[MCA]."

"The board of outfitters may request a budget amendment for the cost of implementing and enforcing the outfitter licensing laws of the state. Such a request must be considered to meet the emergency provisions of 17-7403[MCA]."

Table 1 shows 1986-87 biennium licensure data and projected licensing activity for the 1988-89 biennium. Licensing activities by the boards of plumbers and electricians are not included because those boards are included in the building codes division.

Issues Addressed/Legislative Intent

In excess of thirty bills in the 50th Legislature addressed regulatory functions of the existing boards. Some resulted in the addition of appropriation authority to cover new functions, one merged two existing boards into one, and another transferred an existing board from the Department of Revenue to commerce.

Bill		Authority added to HB2	
		FY88	FY89
SB170	Bd of Optometrists. Optometrists to administer or prescribe certain drugs to treat eye diseases.	\$ 5,925	\$ 3,050
SB341	POL Administration. Transfers the Employment Agency Act from Labor & Industry to Commerce.	4,000	4,000
HB364	Merges Board of Dentistry with Board of Dentistry.	n/a	n/a
HB406	Transfers Board of Outfitters from Revenue to Commerce October 1, 1987.	48,078	48,048
HB555	Bd of Medical Examiners Impaired Physicians program.	59,630	56,630
HB639	Bd of Private Security Patrolmen and Investigators.	2,490	500

Total added \$120,123 \$112,258

All additional appropriation authority is state special revenue fund authority derived from licensing and fees. Modifications of current level were also approved for four boards based on workload increases:

Table 1
POL Board Licensing Activities
1986-87 and 1988-89 Biennia

Board	FY86	FY87	FY88	FY89
Architects				
New	38	27	32	32
Renewals	721	660	770	770
Athletics				
New	36	4	0	0
Barbers				
New	112	113	105	110
Renewals	1,178	1,140	1,150	1,180
Chiropractors				
New	21	21	21	21
Renewals	252	242	245	245
Cosmetology				
New	564	644	644	644
Renewals	4,330	4,974	4,974	4,974
Dentistry *				
New	52	46	49	49
Renewals	1,137	1,142	1,166	1,166
Dentistry				
New	1	4	Merged with Dentistry	
Renewals	12	17		
Hearing Aid Dispensers				
New	15	9	14	14
Renewals	71	76	80	85
Landscape Architects				
New	5	5	5	5
Renewals	63	65	70	73
Medical Examiners **				
New	387	286	300	325
Renewals	2,577	2,840	2,860	2,875
Morticians				
New	11	7	8	7
Renewals	359	365	365	370
Nursing				
New	671	705	725	735
Renewals	12,085	12,957	12,970	13,020

Table 1 - continued

Board	FY86	FY87	FY88	FY89
Nursing Home Administrators				
New	17	12	15	12
Renewals	120	119	120	120
Occupational Therapy				
New		84	3	4
Renewals	New Board	82	84	86
Optometrists				
New	10	5	7	5
Renewals	207	206	209	210
Outfitters				
New	75	75	75	75
Renewals	529	493	511	511
Pharmacists				
New	37	24	26	28
Renewals	1,054	1,066	1,078	1,082
Physical Therapy Examiners				
New	30	27	29	30
Renewals	230	250	255	270
Polygraph Licensing ***				
New	3	1	1	1
Renewals	21	20	20	21
Private Security Patrolmen and Investigators				
New	133	136	50	50
Renewals	229	339	450	475
Professional Engineers and Land Surveyors				
New	416	400	410	413
Renewals (biennial)	795	2,700	800	2,720
Psychologists				
New	6	9	7	9
Renewals	131	138	135	139
Public Accountants				
New	156	90	100	101
Renewals	1,931	1,930	1,930	1,934
Radiologic Technicians				
New	68	33	35	40
Renewals	560	635	650	660
Realty Regulation ****				
New	601	610	619	624
Renewals	4,568	4,256	4,250	4,256
Sanitarians				
New	12	8	10	12
Renewals	150	151	153	155
Social Workers and Professional Counselors				
New	105	50	15	20
Renewals	149	275	280	285
Speech Pathologists				

Table 1 - continued

Board	FY86	FY87	FY88	FY89
New	27	29	21	20
Renewals	345	425	460	475
Veterinarians				
New	43	40	42	43
Renewals	753	771	775	777
TOTALS				
New	3,652	3,500	3,368	3,429
Licenses				
Renewals	34,557	38,434	36,810	38,934
* Includes hygienists				
** Includes emergency medical technicians, acupuncturists, podiatrists and physician assistants, and, starting July 1, 1987, dieticians.				
*** Not a board. Functions performed within POL Administration.				
**** Includes brokers and salespeople.				

The method of accounting for the department's costs of serving the POL boards has changed. Previously, the support FTE of this program were divided among the boards on the basis of time studies of hours spent providing administrative support. Appropriation authority would be drawn down from each served board once during the fiscal year. In the 1988-89 biennium, the program has been arranged to assign to the POL Administration subprogram all support staff which are not statutorily provided for a specific board. The estimated personal service and operating cost of providing administrative support is still calculated on the basis of time studies. That cost is reflected in each board's budgeted expenditures in the indirect cost recovery expenditure object code. In addition to the cost of the support staff and operating expenses, the POL boards pay a portion of the cost of the Administrator of the Business Licensing and Regulation Division. That cost is divided among the POL boards, Milk Control, Building Codes, and Weights and Measures bureaus. Adding the indirect cost recovery charges to budgeted expenditures increases the POL program budget by approximately \$663,000 over the FY86 base year expenditure.

With the creation of the Lottery Division, the Board of Horse Racing has been transferred from this program into that division. The transfer reduces the staff assigned to this program by 4.78 FTE. An FTE added in FY87 for the Board of Nursing makes a net 3.48 FTE reduction from FY86 actual staffing. A 4% vacancy savings rate was applied to all personal services costs with the exception of board per diem.

The appropriation authority for the 1988-89 biennium also includes \$100,000 per year of transfer authority for the Board of Realty Regulation for the real estate recovery account established by the 1985 Legislature to provide payment of claims on unsatisfied judgments against licensees. The board has to maintain a minimum balance of \$100,000 in the account and any interest earned on investment of funds in the account must be credited to the account annually. Any money in excess of the minimum amount from the account may be transferred at the discretion of the board into their regular state special revenue account.

DIVISION OF AERONAUTICS Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	12.84	12.84	12.99	12.99
Personal Services	316,092.09	339,701	357,298	358,541
Operating Expenses	245,560.63	291,795	383,393	307,610
Equipment	4,350.86	7,214	22,857	22,892
Capital Outlay	3,550.18	0	0	0
Grants	5,540.00	10,940	23,000	23,000
Transfers	10,261.63	0	75,000	10,000
Total Program Costs	\$585,355.39	\$649,650	\$861,548	\$722,043
State Special Revenue Fund	526,771.82	560,263	659,465	659,960
Federal & Other Spec Rev Fund	0.00	0	140,000	0
Proprietary Fund	58,583.57	89,387	62,083	62,083
Total Funding Costs	\$585,355.39	\$649,650	\$861,548	\$722,043
Current Level Services	585,355.39	649,650	861,548	722,043
Total Service Costs	\$585,355.39	\$649,650	\$861,548	\$722,043

Program Description

The Division of Aeronautics consists of the Aeronautics Board and two bureaus. The Aeronautics Board, allocated to the department for administrative purposes, advises on matters pertaining to aeronautics.

The Airport/Airways Bureau staff provide technical and financial assistance to communities in airport development, navigational aid development, communications, aviation safety and airport planning. Program staff plan, establish, operate and maintain the state-owned system of airports, navigational aids and communications facilities.

The staff of the Safety and Education Bureau maintain a statewide organization for aerial search and rescue and provide search and rescue for lost aircraft. They serve as the approving agent for Veterans Administration flight schools, enforce state law on pilot and aircraft registration, and issue commercial air operator certificates. Bureau staff plan and organize annual aircraft mechanic refresher seminars, annual flight instructor refresher clinics and conduct aviation safety programs for pilots in Montana. Additional staff responsibilities include: maintain a film library for pilot groups and schools; furnish aviation information and educational materials to students; provide schools with help in the area of curriculum planning and career information; provide guided career awareness tours of specific aviation facilities for schools and other groups; maintain an accredited college aviation/aerospace teacher workshop program; produce a monthly newsletter for the aviation community. The Bureau also makes air marking recommendations for proposed towers, power lines, etc., and the action of the FAA and other agencies are monitored with the best interests of Montana aviation in mind.

Issues Addressed/Legislative Intent

Staff level for this program increases by a net of .15 FTE. The program elected to cut .95 FTE from the West Yellowstone airport operation in order to meet the unfunded pay plan in FY87. A .10 FTE janitor had to be added to the program in current level to replace a personal services contract that did not meet Internal Revenue Service criteria for non-state employment. HB512 added 1.00 clerk FTE and some operating for a total of \$45,581 per year to implement a fee in lieu of tax on aircraft. State special revenues from the fee are expected to fund 83% of this program's budget in the 1988-89 biennium.

In addition, HB621 allocated \$65,000 of oil overcharge settlement funds in FY88 to replace the roof on the West Yellowstone airport. However, HB621 includes language requiring the department to begin disposal of that airport:

"The Department of Commerce is directed to take the steps necessary to transfer ownership of the West Yellowstone airport to the city of West Yellowstone or another local public authority willing to own and operate the airport. If no public entity is willing to take over the airport, the department shall present a plan to the 51st Legislature to close the airport."

The plan will have to include potential resolution of the state's contractual obligations to the FAA to maintain the airport. The West Yellowstone airport operation is financed solely by aircraft landing fees and a percent of the concession revenues — general fund is not involved.

Additional appropriation authority was granted for \$75,000 of federal funds and \$8,500 of state special revenue fund match to complete the State Airport System Plan in FY88.

TRANSPORTATION DIVISION
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	15.00	15.00	12.00	12.00
Personal Services	477,418.01	484,034	386,748	387,274
Operating Expenses	411,765.10	306,263	241,628	239,170
Equipment	10,013.74	380	1,250	0
Grants	4,322,618.17	2,584,734	3,211,085	1,771,250
Total Program Costs	\$5,221,815.02	\$3,375,411	\$3,840,711	\$2,397,694
General Fund	604,533.34	473,266	513,626	510,444
State Special Revenue Fund	75,000.00	71,250	71,250	71,250
Federal & Other Spec Rev Fund	4,542,281.68	2,830,895	3,255,835	1,816,000
Total Funding Costs	\$5,221,815.02	\$3,375,411	\$3,840,711	\$2,397,694
Current Level Services	5,221,815.02	3,375,411	3,840,711	2,397,694
Total Service Costs	\$5,221,815.02	\$3,375,411	\$3,840,711	\$2,397,694

Program Description

The Transportation Division's purpose is to maintain and develop effective transportation systems in Montana. The division staff provide technical, legal, planning, and financial assistance to transportation users, providers and local governments. They are responsible for rate analysis and development of cost models to assess changes in transportation rates and systems.

Division staff also contribute recommendations for development of Montana's transportation system. This is accomplished through various state and federal programs of technical and financial assistance designed to assist shippers, agriculture, the rail and trucking industries, inter-city passenger carriers, urban public transportation, and other transportation providers and users. The division is also charged with administering the State Rail Plan and maintaining Montana's eligibility for general railroad assistance funding.

Issues Addressed/Legislative Intent

Current level staff is reduced by 3.00 FTE lost when \$100,000 of federal rail planning funds were not replaced with general fund. However, language is included in HB2 concerning these lost positions:

"The transportation division may request budget amendment authority to add a maximum of three FTE to be funded entirely with federal funds."

This allows the division to restore staff if other federal funds become available that will allow staff support.

A \$501,905 biennial appropriation of federal funds was authorized for use of the interest generated from the investment of federal Local Rail Service Assistance (LRSA) monies that were repaid early by Burlington-Northern as a result of the state's BN lawsuit settlement. These monies will be available for railrelated projects with a minimum of 30% match from project recipients.

General fund support of this program decreases by 15% from the FY86 base funding level. Overall program authority decreases by 40%, mainly due to almost a 50% decrease in anticipated federal grant (Urban Mass Transit Authority) funding levels, as well as a 19% drop in personal services costs with the loss of three positions and additional cuts taken by the legislature in operating levels. HB2 stipulates that operations authority includes "...no less than \$95,000 per year for costs associated with the McCarty Farms case."

HB621 distributes the State's share of various settlements of national oil overcharge lawsuits. The act includes \$2.1 million for a local government grant for construction of a demonstration truck/train transloading facility. The grant shall be awarded by the Department of Commerce primarily on the basis of "...simple payback in energy savings." The department shall also "...consider impact on freight rates, job creation, geographic proximity to raw materials, and access to new markets for Montana producers and shippers." The Department of Natural Resources and Conservation receives the appropriation authority and is to transfer it to the department.

BUSINESS ASSISTANCE PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	11.00	10.00	16.00	16.00
Personal Services	350,481.62	321,387	485,509	485,556
Operating Expenses	330,378.74	500,545	857,953	946,433
Equipment	8,640.20	5,000	4,570	0
Total Program Costs	\$689,500.56	\$826,932	\$1,348,032	\$1,431,989
General Fund	685,541.00	700,432	636,692	633,219
State Special Revenue Fund	0.00	0	130,114	159,257
Federal & Other Spec Rev Fund	3,959.56	126,500	581,226	639,513
Total Funding Costs	\$689,500.56	\$826,932	\$1,348,032	\$1,431,989
Current Level Services	689,500.56	826,932	1,348,032	1,431,989
Total Service Costs	\$689,500.56	\$826,932	\$1,348,032	\$1,431,989

Program Description

The Business Assistance Division performs comprehensive services that constitute the direct technical assistance component of the Build Montana Economic Development effort, including the following programs:

Small Business Advocate and Business Licensing Center - Serves as the single contact for businesses in understanding and completing all licensing requirements necessary to open or remain in business.

Business Development Assistance Program - Provides contracting opportunities on a domestic and federal level for manufacturing firms through the contract procurement market system.

Marketing Assistance Program - Helps manufacturers penetrate product markets on a local, state, regional and national basis; conducts the "Made in Montana" campaign.

Development Finance Assistance Program - Provides technical assistance in the areas of financial analysis and planning, loan packaging, bonding, business tax incentives and availability of public and private capital sources.

International Trade Program - Helps businesses market their products outside the United States.

Business Location Program - Conducts promotion and recruitment efforts to attract and relocate out of state firms in Montana.

Local Development Organization Assistance Program - Helps local development organizations retain, expand and recruit business.

This division also supervises staffing of the Montana Ambassadors.

Issues Addressed/Legislative Intent

Staff level for this program increases by 5.00 FTE — 4.00 FTE federally funded positions for establishment of two Small Business Development Centers (SBDC's) in cooperation with the federal SBA, the university system and local development offices, and one transferred clerical position from the Professional and Occupational Licensing program.

Funding for the program includes approximately 46% general fund, private sector revenues for cooperative business development activities (28%), federal revenues (16%) and state special revenue accommodations tax proceeds for about 10% of the total appropriation authority for this program. Accommodations tax supports \$100,000 per year of general operations and an additional \$30,114 in FY88 and \$59,257 in FY89 for state match for establishment of the Pacific Rim Trade Office, which is planned to develop markets for Montana products and tourism industry. Private funds provide the rest of the trade office match. An additional \$300,000 per year of private funds support cooperative business development activities within the business assistance program. Federal funds from the SBA fully support the SBDC's — one in Helena and one in Glendive. State match for the SBDC's is provided within current operations in the form of support and "in-kind" services in both the departmental program and the participating university system units.

Table 1 lists business assistance activities of the program for the 1986-87 biennium and projected activities in the 1988-89 biennium. Most client contacts are with existing businesses, although the licensing center stresses services to new businesses. Business recruitment activity deals primarily with attempts to relocate businesses in other states to Montana.

Table 1
Business Assistance Activities
1986-87 and 1988-89 Biennia

Program	FY86	FY87	FY88	FY89
Financial Services	50	150	250	300
Counseling				
Workshops	0	0	100	100
International Trade				
Counseling	100	100	150	150
Trade Leads	350	350	400	400
Business Recruitment	270	290	360	380
Marketing				
Counseling	200	220	260	300
Workshops	400	450	450	500
MADE IN MONTANA	700	700	700	700
Licensing Center	2,500	3,000	3,000	3,000
Business Retention				
Counseling	100	100	250	250
Certified Communities*	0	0	50	50
SBDC's				
Finance	0	0	200	250
Marketing	0	0	200	250
Pacific Rim Trade Ofc				
Counseling	0	0	75	250

* The new Certified Communities program, in cooperation with the Montana Ambassadors, deals with local development organizations, not individual businesses. This program was designed to help cities, towns, counties and tribes plan and implement local development plans that will help attract and keep new businesses.

mote innovations in agricultural production, processing, marketing, and distribution and in organizational structures of agricultural businesses; to assist in developing agricultural business incubators; to enhance domestic and foreign agricultural marketing opportunities; to assist exporters of Montana agricultural products..." The council is administratively attached to the Department of Commerce and the activities associated with the council will be supported by this program. The bill includes statutory appropriation authority for the council to expend "...all funds received by it as grants, donations, or other private or public income, including amounts repaid as principal and interest on investments made by the council." Although SB228 changes the distribution of the coal severance tax to provide a portion of tax collections (.0076 of total) for this act, no appropriation authority was approved by the legislature in either HB889 or HB2.

HB2 contains the following program directive language:

"The department shall develop a one-stop business licensing proposal that must be submitted to the 1989 legislature."

HB889, the Montana Growth Through Agriculture Act, creates a Montana Agriculture Development Council "...to pro-

MONTANA PROMOTION BUREAU
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	11.00	11.00	14.00	14.00
Personal Services	282,072.08	256,591	350,120	349,857
Operating Expenses	1,177,232.29	1,278,548	3,395,026	3,436,270
Equipment	7,946.81	1,500	3,900	1,100
Local Assistance	0.00	0	1,111,169	1,135,607
Total Program Costs	\$1,467,251.18	\$1,536,639	\$4,860,215	\$4,922,834
General Fund	1,233,326.17	1,186,639	0	0
State Special Revenue Fund	0.00	0	4,510,215	4,572,834
Federal & Other Spec Rev Fund	233,925.01	350,000	350,000	350,000
Total Funding Costs	\$1,467,251.18	\$1,536,639	\$4,860,215	\$4,922,834
Current Level Services	1,467,251.18	1,536,639	4,860,215	4,922,834
Total Service Costs	\$1,467,251.18	\$1,536,639	\$4,860,215	\$4,922,834

Program Description

The Montana Promotion Division seeks to increase non-resident travel and motion picture/TV commercial expenditures in the state by promoting a positive image of the state via advertising, publicity, publications, exhibiting and personalized counseling and services.

Issues Addressed/Legislative Intent

General fund support of this program has been completely replaced by state special revenue fund support from the new Montana accommodations tax. An additional \$350 thousand per year of private revenues has also been appropriated. HB2 reflects current level staff and operations plus the 3.00 FTE promotion officers and operating costs reflecting total revenues that were to be generated by implementation of HB84 as originally introduced. HB2 does not show a reduction of appropriation authority for this program even though amendments were made to HB84 authorizing diversion of tax proceeds to other agencies.

Therefore, depending on collections, this program may not receive the revenue to totally match its appropriation authority.

HB84 as passed imposes a statewide 4% tax on the users of hotel, motel or campground accommodations and similar facilities; provides for the distribution of the tax proceeds to: (1) the Department of Commerce, regional nonprofit tourism corporations, and nonprofit convention and visitors bureaus for promotion of Montana tourism and motion picture and television commercial location; (2) to the Montana Historical Society for roadside historical signs and historic sites; (3) to the university system for a Montana travel research program; and (4) to the Department of Revenue for collection and disbursement activities in the 1988-89 biennium. It also establishes a 12-member, gubernatorially appointed tourism advisory council, which: oversees the distribution of funds to, and allowable administrative expenses for, regional nonprofit tourism corporations and nonprofit convention and visitor bureaus; advises the department on tourism promotion and the Governor on Montana's travel industry; directs the university system regarding Montana travel research and approves all travel research programs prior to their being undertaken. The Department of Revenue handles the taxes paid quarterly by the registered owner or operator of the taxable facility. The proceeds of the tax must be deposited in a state special revenue fund account to

the credit of the department of revenue, from which is statutorily appropriated FOR THE 1988-89 BIENNIAL ONLY 2% of that account each quarter for the costs of collecting and disbursing the proceeds of the tax. The remaining 98% is statutorily appropriated to a state special revenue account for the department of commerce, and is then distributed by the department of revenue as follows: (1) 1% to the historical society; (2) 2.5% to the university system; (3) 75% of the remainder to be used directly by commerce; and, (4) 25% to be distributed by commerce to the regional nonprofit tourism corporations according to statutorily defined collection criteria. These percentages result in the following distribution of tax proceeds:

<u>Tax Recipient</u>	<u>1988-89 % Total</u>
Department of Revenue	.020000
Historical Society	.009800
University System	.024500
Department of Commerce	.709275
Regional Nonprofits	.236425
Total	1.000000

In the 1990-91 biennium, the legislature will set the specific appropriation of support for the department of revenue's operating costs for accommodations tax collection and enforcement activities and the remainder of the anticipated revenues will then be distributed as in the 1988-89 biennium.

The department of revenue is authorized to obtain a startup general fund loan not to exceed \$120,000 in FY87, which is statutorily appropriated from tax proceeds in FY88 to repay that loan. This will reduce the subsequent proceeds distribution by the amount of the loan in FY88. The department of commerce may also use general fund loans in order to administer the requirements of the act.

HB2 includes accommodations tax proceeds in the Business Assistance program as well: (1) \$30,114 in FY88 and \$59,257 in FY89 for support of the Pacific Rim Trade Office; (2) \$100,000 per year for support of general operations. This reduces the available revenue for the promotion division by \$130,114 in FY88 and by \$159,257 in FY89. This, in addition to the \$120,000 general fund loan payback authority for the department of revenue will reduce available revenues for division activities by a total of \$250,114 in FY88.

Other Appropriation Bills

HB607 provides \$35,000 biennial appropriation authority for accommodation tax proceeds to: "... conduct and complete, in cooperation with the department of highways, the department of fish, wildlife, and parks, and the Montana historical society, a statewide inventory of existing signs located on, adjacent to, or visible from the primary highway and interstate highway systems...compile a comprehensive

plan for location, design, style, construction, and text of a system of signs to be erected along Montana's primary highways and interstate highways." The bill also requires that a department of commerce report be submitted to the 51st Legislature. The report must include the inventory and a comprehensive plan for a statewide sign project along with a cost estimate of completing the project. The act is effective July 1, 1987, and terminates February 28, 1989, nine months into FY89.

HOUSING ASSISTANCE PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	7.00	7.00	7.00	7.00
Personal Services	182,027.10	170,249	182,964	183,206
Operating Expenses	109,661.44	83,785	108,135	104,530
Equipment	73,658.76	1,454	1,249	696
Grants	7,113,868.68	8,043,964	9,740,286	9,744,360
Total Program Costs	\$7,479,215.98	\$8,299,452	\$10,032,634	\$10,032,792
Federal & Other Spec Rev Fund	7,491,606.98	8,299,452	10,032,634	10,032,792
Proprietary Fund	12,391.00-	0	0	0
Total Funding Costs	\$7,479,215.98	\$8,299,452	\$10,032,634	\$10,032,792
Current Level Services	7,479,215.98	8,299,452	10,032,634	10,032,792
Total Service Costs	\$7,479,215.98	\$8,299,452	\$10,032,634	\$10,032,792

Program Description

The Section 8 Housing Bureau's function is to provide decent, safe and sanitary housing to eligible low-income families and individuals (including elderly, disabled, and handicapped families) through federally funded rental assistance and rental unit rehabilitation programs.

Issues Addressed/Legislative Intent

The administrative expenses approved for this federally-funded program are approximately 25% lower than the FY86 base expenditure level due to the removal of \$70,000 of one-time computer development expense from the base for the 1988-89 biennium. The remainder of the anticipated federal revenues are allocated to the program activities.

Table I
Section 8 Housing Program Activities
1986-87 and 1988-89 Biennia

Program	FY86	FY87	FY88	FY89
Certificates				
Units	1,734	1,759	1,759	1,759
Amount	\$5,066,260	\$5,148,007*	\$6,441,770	\$6,441,770
Vouchers				
Units	180	222	222	222
Amount	\$ 354,682	\$ 500,000	\$ 582,060	\$ 582,060
Mod-Rehab.				
Units	726	781	781	781
Amount	\$2,524,100	\$2,751,445	\$2,898,583	\$2,898,583
Rental-Rehab				
Amount	\$ 350,000	\$ 300,000	\$ 110,221	\$ 110,379
Totals				
Units	2,640	2,762	2,762	2,762
Amount	\$8,295,042	\$8,699,452	\$10,032,634	\$10,032,792

* Reflects \$400,000 budget amendment for additional federal funds available in late FY87.

NOTE: Expenditures in FY86 tie to original appropriation authority and reflect total expenditures against those appropriations, whereas the FY86 summary table above reflects those expenditures made by the end of FY86 only.

COMMUNITY ASSISTANCE PROGRAM
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	13.00	13.00	13.00	13.00
Personal Services	364,526.87	319,242	391,696	391,632
Operating Expenses	239,926.99	248,464	261,714	258,620
Equipment	5,784.09	199	446	0
Grants	10,806,659.04	7,755,805	5,975,301	5,262,673
Transfers	0.00	0	1,026,288	1,211,934
Total Program Costs	\$11,416,896.99	\$8,323,710	\$7,655,445	\$7,124,859
General Fund	196,790.61	193,856	214,748	213,995
State Special Revenue Fund	5,356,966.45	1,861,994	1,993,041	1,464,349
Federal & Other Spec Rev Fund	5,863,139.93	6,267,860	5,447,656	5,446,515
Total Funding Costs	\$11,416,896.99	\$8,323,710	\$7,655,445	\$7,124,859
Current Level Services	11,416,896.99	8,323,710	7,655,445	7,124,859
Total Service Costs	\$11,416,896.99	\$8,323,710	\$7,655,445	\$7,124,859

Program Description

The Community Development Bureau exists to provide assistance to local governments, private developers, and citizens in the areas of: public works planning and financing, land use and development regulation, capital improvement planning, local government issues research and development, and economic development. The program includes the following boards and programs:

The Coal Board - provides grants to local governments where adverse impacts have occurred as a result of large-scale coal development. The program is administered by a gubernatorial appointee Board that acts on applications from local governments for public facilities or services intended to mitigate negative public fiscal impacts.

The Hard-Rock Mining Board - assists mineral developers and local government units prepare, review and implement impact plans for new, large-scale hard-rock mines; arbitrates disputes; makes determinations on impact plan waivers; and awards grants and loans to mitigate fiscal and economic impacts of mine workforce reduction and closure.

The Community Development Block Grant - receives, awards, administers and monitors Federal HUD funds intended to assist local governments with their greatest public facilities, housing, and economic development needs by funding projects that principally will benefit low to moderate income people in their communities.

Technical Assistance - provides technical assistance to local governments. Much of the assistance is accomplished through training workshops, publications and automated data retrieval.

Issues Addressed/Legislative Intent

Administrative expenses for this program continue at current level through the 1988-89 biennium. The only general fund in the program is support of the technical assistance

subprogram and the required match of federal funds for the community development program. There is a slight increase in the general fund so Montana may pay the full required match on an annual basis.

The Coal Board funding was reduced below the anticipated coal severance tax revenue that will be generated in the 1988-89 biennium. Program activity beyond current level administrative expenses is limited to fulfilling an existing grant commitment in FY88 — no grant funds are to be disbursed in FY89. This will allow a re-examination of the functions of the Coal Board in a sustained period of depressed coal development.

Hard Rock Mining administrative expenses increased 16% over FY86 base level expenditures in response to an anticipated increase in the workload with expanded mining development in Montana. Further, a line-item appropriation was made in HB2 to handle anticipated hard rock mitigation and arbitration expenses in the 1988-89 biennium. Language is included in HB2 detailing how these monies can be spent and reporting requirements on expenditures:

"[The hard-rock mitigation and arbitration appropriation] may be expended only for the purposes as detailed in 90-6-307, 90-6-311, 90-6-321, and 90-6-304(1)[MCA]. No transfers may be made in or out of [that appropriation]."

"The hard rock mining board shall report to the legislature any expenditures from the hard-rock mitigation and arbitration account."

The amount in the mitigation and arbitration line-item does not represent the total amount of funds in existing subaccounts within the hard rock mining impact trust fund. Statutory authority for those funds, excluding administrative expenses, had been sought, but was not approved. The amount in the account is limited to anticipated biennial revenues (one-third of the metalliferous mines license tax collections) to the account after administrative expenses have been deducted.

**ECONOMIC POLICY & RESEARCH
Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	7.00	7.00	7.00	7.00
Personal Services	182,588.15	197,531	196,078	195,874
Operating Expenses	112,762.83	58,775	84,858	80,348
Equipment	8,392.60	789	1,411	1,188
Total Program Costs	\$303,743.58	\$257,095	\$282,347	\$277,410
General Fund	264,573.28	237,095	242,347	237,410
Federal & Other Spec Rev Fund	39,170.30	20,000	40,000	40,000
Total Funding Costs	\$303,743.58	\$257,095	\$282,347	\$277,410
Current Level Services	303,743.58	257,095	282,347	277,410
Total Service Costs	\$303,743.58	\$257,095	\$282,347	\$277,410

Program Description

The Office of Economic Analysis is the central planning, coordination, and analysis unit for the Department's programs. Primary functions include monitoring Montana's economy, formulating policy recommendations through the Governor's Council on Economic Development, conducting specific economic analysis projects, coordinating the departmental economic development policy group, distributing economic and demographic information through the Census and Economic Information Center, and presenting information on the Department's economic development programs.

Issues Addressed/Legislative Intent

The legislature reduced general fund support for this program by 8% from FY86 base level expenditures. This reduction from current level operations was taken from the contracted services area. Purchase of two computer terminals and some office equipment is funded for the biennium. Federal support of \$40,000 per year for this program comes from Economic Development Administration support for the Governor's Economic Development Council.

**LOCAL GOVERNMENT AUDIT SERVICE
Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	27.70	28.20	28.20	28.20
Personal Services	631,943.89	752,113	758,074	758,002
Operating Expenses	244,179.03	168,249	256,893	250,278
Equipment	3,596.48	0	13,000	10,500
Transfers	87,767.00	0	0	0
Total Program Costs	\$967,486.40	\$920,362	\$1,027,967	\$1,018,780
General Fund	87,767.00	84,789	43,560	43,546
Proprietary Fund	879,719.40	835,573	984,407	975,234
Total Funding Costs	\$967,486.40	\$920,362	\$1,027,967	\$1,018,780
Current Level Services	967,486.40	920,362	1,027,967	1,018,780
Total Service Costs	\$967,486.40	\$920,362	\$1,027,967	\$1,018,780

Program Description

The Local Government Audit Program exists to perform post-audits of the financial statements of local government entities across Montana. These audits are conducted in accordance with Title 2, chapter 7, part 5 of the MCA. The program also performs special entity audits in cases of suspected fraud or misappropriation of funds. The audit function is designed to protect the taxpayers' interests by verifying that the financial conditions and operations are responsibly accounted, reported, and that local officials comply with all appropriate statutes and regulations.

Issues Addressed/Legislative Intent

The net staff level change in this program is an additional .50 FTE. This resulted from cutting 1.00 FTE to meet the unfunded pay plan in FY87 and having to add two .75 clerical FTE to comply with the Internal Revenue Service distinction between personal services contract and bona fide state employees.

General fund support for the program was reduced by 50% from the amount recommended in the Executive Budget, with program administration directed to increase charges to local government units to make up the difference. Equip-

ment purchases funded for the biennium include an update of the word processing system, replacement of two printers and acquisition of four field portable personal computers with accompanying software.

SB146 requires the department to coordinate collection of revenue by counties on behalf of the state by preparing and distributing to county treasurers an annually updated manual setting form the procedures and forms to be used. The legislature did not provide funding to implement this requirement.

ACCOUNTING/MANAGEMENT SERVICES Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	10.00	7.00	7.00	7.00
Personal Services	152,591.51	265,205	201,861	201,642
Operating Expenses	94,448.53	158,903	119,496	117,890
Equipment	7,135.20	0	4,250	4,250
Grants	21,046,020.96	26,365,687	2,514,576	2,614,153
Transfers	87,208.00	0	0	0
Total Program Costs	\$21,387,404.20	\$26,789,795	\$2,840,183	\$2,937,935
General Fund	5,425,390.98	11,004,389	2,372,467	2,460,078
State Special Revenue Fund	15,763,635.38	15,535,776	299,000	311,000
Proprietary Fund	198,377.84	249,630	168,716	166,857
Total Funding Costs	\$21,387,404.20	\$26,789,795	\$2,840,183	\$2,937,935
Current Level Services	21,387,404.20	26,789,795	2,840,183	2,937,935
Total Service Costs	\$21,387,404.20	\$26,789,795	\$2,840,183	\$2,937,935

Program Description

The Local Government Systems Program exists to develop, implement, and maintain uniform budgetary, accounting and reporting systems for Montana cities, towns, counties, school districts, and single purpose districts. The staff provide special accounting assistance to local finance personnel, coordinate technical advice and assistance between State agencies and local governments, and are responsible for the timely receipt of budgets and annual financial reports from counties, cities, and towns. During Fiscal Year 1986, the District Court Reimbursement Program, the County Land Planning Funds Program, and the Local Government Block Grant Program (LGBG) were added to this Bureau. The LGBG program was eliminated effective July 1, 1987.

Issues Addressed/Legislative Intent

Significant legislative changes were made in the two major local government assistance programs within this program. The Local Government Block Grant(LGBG) program was abolished and the funding of the District Court Reimbursement program was changed as the result of passage of SB200. SB200 replaces the fee in lieu of tax on light vehicles, motorcycles, quads, motor homes, travel campers

and campers with a property tax and allows a local option vehicle tax. One-third of the oil severance tax proceeds that were appropriated for the LGBG program are diverted to the general fund — \$6.404 million in FY88 and \$6.940 million in FY89. The special vehicle fees for both the LGBG and district court reimbursement program sunset at the end of FY87. Therefore, the only funding available for the district court program is the district court fee established by SB200, which is 7% of the 2% tax on light motor vehicles based on average trade-in value or wholesale value — \$2,286,259 in FY88 and \$2,373,870 in FY89. This special fee is deposited in the general fund. HB2 appropriates the projected revenue amounts for the district court program in the 1988-89 biennium. However, in order to ensure that the general fund does not have to make up any shortfall in projected revenues, the following language is also included in HB2:

"If the revenues deposited to the general fund through the implementation of SB200 are less than the appropriation for district court reimbursement, the department shall reduce the reimbursement to equal the revenues generated."

The following table shows the funding for the 1986-87 and 1988-89 biennia for the LGBG and district court programs.

Table 1
Funding for District Court Reimbursement and
Local Government Block Grant Programs
1986-87 and 1988-89 Biennia

Program	FY86	FY87	FY88	FY89
District Court	\$ 2,377,160	\$ 2,931,945	\$ 2,286,259	\$ 2,373,870
General Fund:				
Reimb. program				
Old program	1,375,000	0	0	0
Total	\$ 3,752,160*	\$ 2,931,945	\$ 2,286,259	\$ 2,373,870
LGBG - GF	\$ 1,470,000	\$ 9,581,322**	0	0
- Oil tax	15,343,747	5,524,000	0	0
Total	\$16,813,747	\$15,105,322	0	0

* \$116,023 of accruals from FY87 were charged against FY86 expenditures, but were not actually expended in the program. Therefore, the statewide accounting system overstates this program by that amount for a total of \$3,868,183.

** Includes \$1,814,822 for Lewis & Clark Co. settlement for incorrect per vehicle rate paid through FY86.

Table 2 shows the distribution of the new district court reimbursement program funds by authorized expenditure category. The old district court program was a grant program for most district court expenditures, regardless of the

nature of the action, if the county had levied the maximum mills and still could not cover all the costs. The new program is for selected expenses of criminal proceedings only.

Table 2
District Court Reimbursement Program
Funding of Authorized Expenditure Categories
1986-87 and 1988-89 Biennia

Category	FY86	FY87	FY88	FY89
Court Reporters	\$ 235,053	\$ 341,278	\$ 252,576	\$ 262,559
Witness Fees	110,662	142,199	106,348	110,551
Psych. Exam	44,771	28,440	31,018	32,244
Jury Cost	285,824	295,593	248,145	257,953
Indigent Defense	1,620,507	2,036,477	1,577,489	1,639,845
Reimb. total	\$2,296,817	\$2,843,987	\$2,215,576	\$2,303,153
Admin. & audit	\$ 80,343	\$ 87,958	\$ 70,683	\$ 70,717
Total program	\$2,377,160	\$2,931,945	\$2,286,259	\$2,373,870

Projections are based on FY86 experience for this new program.

The County Land Planning grants program was funded at .38% of coal severance tax collections for \$299,000 in FY88 and \$311,000 in FY89.

Administrative expenditures for the 1988-89 biennium have been authorized at \$254,924 in FY88 and \$253,065 in FY89 — a decrease of about 11% from FY86 base expendi-

ture level. This supports 7.00 FTE, six for the systems program funded by charges to local government units and one funded by the general fund of the district court reimbursement program. Three vacant positions were cut in FY87 in response to the unfunded pay plan. This reduced the administrative base by approximately \$76,000.

LOCAL GOVT ASSISTANCE ADMIN Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	1.00	2.00	2.00	2.00
Personal Services	46,695.89	87,696	84,496	84,551
Operating Expenses	5,146.70	14,268	14,170	13,682
Equipment	500.00	0	0	0
Total Program Costs	\$52,342.59	\$101,964	\$98,666	\$98,233
Proprietary Fund	52,342.59	101,964	98,666	98,233
Total Funding Costs	\$52,342.59	\$101,964	\$98,666	\$98,233
Current Level Services	52,342.59	101,964	98,666	98,233
Total Service Costs	\$52,342.59	\$101,964	\$98,666	\$98,233

Program Description

The Local Government Assistance Division-Administrator Program represents the budget for the operations of the Administrator of the Division and the Division's legal counsel. The Administrator supervises the functions of the Housing Assistance Bureau, Community Development Bureau (which includes the Coal Board and the Hard Rock Mining Board) the Audit Bureau and the Systems Bureau (which

includes the District Court Reimbursement and County Land Planning distribution functions).

Issues Addressed/Legislative Intent

The staff level increases by 1.00 FTE attorney, who was transferred in FY87 when the legal services program was eliminated. The 1988-89 biennium increase in program authority reflects that staff increase. Total cost of this program is recovered by overhead service charges to the programs administered by the division administrator.

BUILDING CODES DIVISION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	30.50	29.00	29.00	29.00
Personal Services	738,661.94	856,770	807,349	809,473
Operating Expenses	356,461.06	260,489	361,491	355,609
Equipment	138,513.00	0	1,400	147,580
Total Program Costs	\$1,233,636.00	\$1,117,259	\$1,170,240	\$1,312,662
State Special Revenue Fund	1,233,636.00	1,117,259	1,170,240	1,312,662
Total Funding Costs	\$1,233,636.00	\$1,117,259	\$1,170,240	\$1,312,662
Current Level Services	1,233,636.00	1,117,259	1,170,240	1,312,662
Total Service Costs	\$1,233,636.00	\$1,117,259	\$1,170,240	\$1,312,662

Program Description

The Building Codes Bureau establishes and enforces minimum building, plumbing, mechanical, electrical and energy standards to safeguard the public in design and construction of buildings, recreational vehicles, and factory built buildings in accordance with the authority assigned in Title 50, chapter 60, MCA. The Bureau achieves compliance with minimum standards through: review and approval of plans; issuance of building, plumbing, mechanical and electrical permits; issuance of factory built building and recreational vehicle insignia; and field inspection of buildings and installations.

Issues Addressed/Legislative Intent

Program staff level decreases from FY86 because a .50 FTE attorney was authorized for FY86 only and because an additional 1.00 FTE was eliminated to achieve a portion of the departmentwide unfunded pay plan cut amount. A 4% vacancy savings rate was applied to personal services costs.

Operating expenditures remain at essentially current level for the 1988-89 biennium. There is a significant increase in projected costs for gasoline due to conversion of gas-fueled trucks from propane-fueled trucks. Necessary increases in that area were offset by cuts in travel, legal fees and printing costs. Approved equipment purchases include 12 pickup trucks and 3 sedans in FY89, as well as purchase of computer equipment to automate permit issuance. The fireworks regulation function assigned to this program is funded at

\$220 per year, which is the projected revenue from application fees for fireworks wholesale permits.

Additional appropriation authority of \$7,350 in FY88 and \$9,450 in FY89 was granted to allow the Electrical Board to make a lump sum payment to the Educational Testing Service for the examination fee of Montana applicants for national certification.

Language is included in HB2 concerning potential staff expansion for building inspections:

"Should the economy improve to the point where there is a need for more building standard inspectors, a maximum of three FTE, operating costs, and equipment may be added by budget amendment to the building codes division."

The following table list Board of Plumbers and Electrical Board licensing activities for the 1986-87 biennium and projected activities of the 1988-89 biennium.

Table 1
Licensing Activities of the
Electrical Board and the Board of Plumbers
1986-87 and 1988-89 Biennia

Board	FY86	FY87	FY88	FY89
Electrical				
New	231	148	140	140
Renewals	2,796	2,934	2,900	2,900
Plumbers				
New	70	39	45	45
Renewals	889	889	885	885
TOTALS				
New	301	187	185	185
Licenseses				
Renewals	3,685	3,823	3,785	3,785

The number of building code safety inspections done in base year FY86 and FY87 are listed below. Projections for the 1988-89 biennium are the same as FY87.

Inspection Area	Number of Inspections	
	FY86	FY87
Building Standards	1,985	1,400
Mechanical Safety/		
Plumbing	1,741	2,200
Elevators	788	788
Electrical Safety	20,190	24,000
Total Inspections	24,704	28,388

INDIAN AFFAIRS COORDINATOR Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	3.00	2.00	2.00	2.00
Personal Services	54,879.07	66,443	55,339	55,396
Operating Expenses	32,876.28	36,404	29,290	25,812
Equipment	1,915.06	0	0	0
Total Program Costs	\$89,670.41	\$102,847	\$84,629	\$81,208
General Fund	89,670.41	102,847	84,629	81,208
Total Funding Costs	\$89,670.41	\$102,847	\$84,629	\$81,208
Current Level Services	89,670.41	102,847	84,629	81,208
Total Service Costs	\$89,670.41	\$102,847	\$84,629	\$81,208

Program Description

The Coordinator of Indian Affairs identifies problems confronting the Indians of Montana, advises the Legislative and Executive branches of those problems, and makes recommendations for their alleviation. The coordinator also serves the Montana Congressional delegation as an advisor and intermediary in the field of Indian affairs and acts as spokesman for representative Indian organizations and groups, both public and private, whenever that support is solicited.

Issues Addressed/Legislative Intent

The legislature specifically reduced this general fund program by 10% from the Executive Budget recommendation for the program, for a cut of \$9,403 in FY88 and \$9,023 in FY89. This cut in expenditure authority means that planned publication of a bimonthly newsletter and a booklet of statistical information on Native Americans cannot be published in the 1988-89 biennium. The total cut is approximately a 6% reduction over base level expenditures.

HEALTH FACILITIES AUTHORITY Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	3.00	3.00	3.00	3.00
Personal Services	73,312.61	72,027	74,446	74,418
Operating Expenses	44,410.16	49,625	48,609	47,965
Equipment	6,227.26	0	265	0
Total Program Costs	\$111,495.51	\$121,652	\$123,320	\$122,383
Proprietary Fund	111,495.51	121,652	123,320	122,383
Total Funding Costs	\$111,495.51	\$121,652	\$123,320	\$122,383
Current Level Services	111,495.51	121,652	123,320	122,383
Total Service Costs	\$111,495.51	\$121,652	\$123,320	\$122,383

Program Description

The Health Facilities Authority issues revenue bonds and notes to finance capital projects for public and private non-profit health facilities at borrowing rates below those otherwise available. Two types of programs are operated by the Authority: one to provide financing for individual facilities; and the other to satisfy the capital needs of a pool of institutions.

In FY86, the MHFA has issued \$66.9 million in bonds to provide a pool of funds for 37 Montana non-profit health institutions. The following lists the program activity for the 1986-87 biennium:

	FY86	FY87
Pooled Program		
Facilities	20	8
Loan Amount	\$10,044,828	\$11,672,106

Activity in the 1988-89 biennium has not been specified beyond anticipation of issuing \$30 million of stand-alone bonds, and issuing bonds to finance or refinance \$30 million of existing debt. Because of a feature the MHFA has built into its existing pooled loan program bond indenture, it is able to recycle loan principal repayments without issuing new bonds.

Issues Addressed/Legislative Intent

The biennial appropriation authority for the Montana Health Facility Authority increases by 10% over FY86 base expenditure level. This reflects an approved \$4,200 increase in contracted services costs.

ECONOMIC DEVELOPMENT BOARD Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	7.00	7.00	.00	.00
Personal Services	214,589.36	232,084	0	0
Operating Expenses	98,951.26	128,748	0	0
Equipment	13,675.92	3,061	0	0
Transfers	189,041.87	0	0	0
Debt Service	1,794,817.94	0	0	0
Total Program Costs	\$2,311,076.35	\$363,893	\$0	\$0
General Fund	189,041.87	180,141	0	0
Proprietary Fund	2,122,034.48	183,752	0	0
Total Funding Costs	\$2,311,076.35	\$363,893	\$0	\$0
Current Level Services	2,311,076.35	363,893	0	0
Total Service Costs	\$2,311,076.35	\$363,893	\$0	\$0

Program Description

The Montana Economic Development Board is responsible for administering the Coal Tax Loan Program, the Montana Capital Companies Program, the Industrial Development Revenue Bond Program, and the Municipal Finance Program. The Montana Capital Companies Program encourages investment in venture capital firms (through a tax credit

program). As a result, venture capital is made available in Montana. The Coal Tax Loan and Industrial Development Revenue Bond Programs assist Montana's small businesses in obtaining "long-term, fixed-rate" financing through private (Montana) lending institutions. The Municipal Finance Program provides short-term and intermediate-term financing to local governments at reduced costs.

Issues Addressed/Legislative Intent

SB298 abolished both the Montana Economic Development Board and the Board of Investments and created a new Board of Investments that merges the functions of both

abolished boards and becomes attached to the Department of Commerce effective July 1, 1987. Therefore, this program no longer has a separate identity in the 1988-89 biennium. (See new Board of Investments program.)

MT SCIENCE & TECH ALLIANCE Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	2.00	.00	5.00	6.00
Personal Services	83,814.10	0	162,888	190,020
Operating Expenses	57,214.88	0	89,373	99,869
Equipment	8,005.21	0	4,449	2,290
Grants	156,578.00	0	1,160,839	1,222,881
Total Program Costs	\$305,612.19	\$0	\$1,417,549	\$1,515,060
State Special Revenue Fund	305,612.19	0	1,345,000	1,410,000
Proprietary Fund	0.00	0	72,549	105,060
Total Funding Costs	\$305,612.19	\$0	\$1,417,549	\$1,515,060
Current Level Services	305,612.19	0	1,417,549	1,515,060
Total Service Costs	\$305,612.19	\$0	\$1,417,549	\$1,515,060

Program Description

The Montana Science and Technology Alliance was created by the 1985 Legislature to stimulate economic development in the state by providing financial support in the form of investments to organizations and companies seeking to develop technology-based businesses.

Issues Addressed/Legislative Intent

The staff level for this program increases from the startup level of 2.00 FTE by 3.00 FTE in FY88 and by an additional 1.00 FTE in FY89. In FY88, an administrative assistant, an investment analyst and an accountant will be added — in FY89, an additional investment analyst. These staff will assist in the increased workload and expanded functions resulting from both the existing level of activity at the end of the 1986-87 biennium and the addition of the Seed Capital Fund program established by HB700. Proceeds from the seed capital fund will be used to make investments in seed and startup stage companies in Montana which are attempting to develop and market technology-based products and services. The fund will be established with proceeds from a

series of bond issues which will be secured by the Coal Trust Fund. The fund is expected to be \$5 million per biennium for the next three biennia, for a \$15 million total by 1993. The new staff, with the exception of the administrative assistant, will be supported by proceeds from the seed capital fund for a total personal services, operating and equipment cost of \$177,609 for the 1988-89 biennium. The rest of the operational costs of the MS&TA will continue to be funded by coal severance tax funds in the Alternative Energy Research Development and Demonstration account. Language is included in HB2 that specifies the distribution of the funds in that account:

"...the state special revenue appropriation is limited to the revenue received into the alternative energy account, established by 90-4-103[MCA], from the coal tax revenue allocated to the account from 15-35-108[MCA]."

The following table summarizes MS&TA activities in the 1986-87 biennium and projected activities for the 1988-89 biennium. The seed capital project monies are statutorily appropriated, with only the administrative expenses included in HB2.

Table 1
Montana Science & Technology Alliance
Program Activities
1986 - 1989

1986-87 Biennium:

Inquiries	256
Executive summaries (45 with university participation)	91
Alliance funds requested in summaries	\$10.922 million
Private matching funds	<u>\$21.798 million</u>
Total from summaries	\$32.790 million

Full proposals received	45
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Proposals funded with MS&TA
funds

9	Seed capital	\$1,200,000
4	Applied research	109,597
4	Technology transfer	99,600
2	Research capability	<u>231,713</u>
	Total	\$1,640,910
	Matching funds com-	\$2,724,892

mitted

1988-89 Biennium:

Alternative Energy Acct	
Research and Development	\$1,200,000
Technology Transfer/Business Development Assistance	745,000
Applied Research	442,000
Administrative Expenses	<u>368,000</u>
Total	\$2,755,000

Seed Capital Fund bond proceeds

Direct technology investment	\$3,100,000
Investments in Montana capital companies	2,080,000
Administrative expenses	<u>177,609</u>
Total	\$5,357,609

BOARD OF HOUSING
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	14.00	14.00	14.00	14.00
Personal Services	327,604.11	335,893	387,440	388,068
Operating Expenses	766,334.99	860,723	681,333	678,893
Equipment	16,563.62	800	0	0
Debt Service	53,153,825.04	0	0	0
Total Program Costs	\$54,264,327.76	\$1,197,416	\$1,068,773	\$1,066,961
Proprietary Fund	54,264,327.76	1,197,416	1,068,773	1,066,961
Total Funding Costs	\$54,264,327.76	\$1,197,416	\$1,068,773	\$1,066,961
Current Level Services	54,264,327.76	1,197,416	1,068,773	1,066,961
Total Service Costs	\$54,264,327.76	\$1,197,416	\$1,068,773	\$1,066,961

Program Description

The Montana Board of Housing, created by the Montana Housing Act of 1975, is an agency of the state and is within the Department of Commerce for administrative purposes. The Board is established to provide decent, safe and sanitary housing in the state within the financial capabilities of lower income persons and families. Public monies are made available through the issuance of revenue bonds to assist private enterprise and governmental agencies in meeting critical housing needs. The Board operates both single family and multifamily programs, administers federal housing programs at the state level, renders technical assistance, and conducts other activities which fulfill the program's legislative purpose.

Issues Addressed/Legislative Intent

The staff level of this program is maintained at the level established in FY86 when the vacant departmental deputy director position was transferred to the Board of Housing to provide an assistant administrator position there. A 4% vacancy savings rate was applied to personal services costs. Trustee and paying agent fees were held to FY86 expenditure levels due to an expected constant level of bonding activity in the housing market. Total appropriation authority in the 1988-89 biennium does not include debt service activity recorded in FY86.

The following table summarizes housing mortgage loan activities of the board by type of program. Two new programs have been developed for implementation in the 1988-89 biennium — the Mortgage Credit Certificate (MCC) program and the Low Income Housing Credit (LIHC) program. Tax exempt bonds are not issued by the board, but rather a portion of the state's existing federal credit authority is dedicated to the recipients of the new programs. The MCC program makes a federal tax credit available to qualified first time home buyers to help them qualify for and afford a mortgage loan. The program participant may claim a direct annual tax credit of 20% of the mortgage interest paid. The LIHC makes a federal tax credit available to developers/sponsors for the construction, rehabilitation, or acquisition of qualified low income housing units. The tax

credit varies depending on the type of activity (i.e., construction, rehabilitation, or acquisition) and the percent of the housings' units that will be set aside for low income residents.

Table 1
Board of Housing Program Activities
1977 - 1989

Type of Program	No. Loans/Units	Principal Amount
Single Family Mortgage:		
1977 - 3/20/87	12,071 loans	\$545,621,031
Projected 1988-89	2,000 loans	\$100,000,000
Total	14,271 loans	\$645,621,031
Multifamily Units:		
1978 - 1982	668 units	\$ 21,330,085
Projected 1988-89	0 units	0
Total	668 units	\$ 21,330,085
Mortgage Credit Certificate:		Credit Authority
1988-89	1,000 loans	\$ 10,000,000
Low Income Housing Credit program:		
1988-89	444 new units	\$ 800,000

Language is included in HB2 that addresses the possibility of a budget amendment if bonding activity increases significantly:

"If bonding activity increases in the 1989 biennium, a budget amendment may be requested to cover the additional bonding costs."

INVESTMENTS DIVISION
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	25.00	25.00
Personal Services	0.00	0	887,603	894,624
Operating Expenses	0.00	0	502,943	447,714
Equipment	0.00	0	12,259	1,759
Debt Service	0.00	0	509,190	3,924
Total Program Costs	\$0.00	\$0	\$1,911,995	\$1,348,021
General Fund	0.00	0	500,000	0
Proprietary Fund	0.00	0	1,411,995	1,348,021
Total Funding Costs	\$0.00	\$0	\$1,911,995	\$1,348,021
Current Level Services	0.00	0	1,911,995	1,348,021
Total Service Costs	\$0.00	\$0	\$1,911,995	\$1,348,021

Program Description

The 1987 Legislature merged the functions of the Board of Investments and the Montana Economic Development Board (MEDB), effective July 1, 1987. The Governor appointed a new board to direct the merged functions. The board has the sole authority to invest state funds in accordance with the Montana Constitution (Article VII, Section 13) and statutory requirements. The investment staff initiate the investment process for board approval. It administers the Coal Tax Loan Program, the Montana Capital Companies Program, the Industrial Development Revenue Bond program and the Municipal Finance program.

Issues Addressed/Legislative Intent

SB298 abolished both the Board of Investments in the Department of Administration and the Montana Economic Development Board (MEDB) in the Department of Commerce and recreated a new Board of Investments administratively attached to commerce. The act merges the functions of both previous operations. HB2 reflects the merged operations. The merger results in a staff level of 25.00 FTE, the original total in both operations in FY87 before two positions were cut from the staff to absorb pay plan cuts in the old board of investments in that year. Two new portfolio manager positions were approved by the legislature for the 1988-89 biennium to handle a projected workload increase. A 4% vacancy savings rate was applied to personal services costs, excluding the line-itemed amount of \$15,000 in FY88 for termination payout costs for the current Chief Investment Officer.

Personal services costs increase by 4% over the unmerged approved personal services budgets (excluding the \$15,000 payout) due to planned upgrades of some positions in FY88 and FY89 — for a biennial increase of \$64,266. Operating and equipment expenses for the merged operation are \$208,123 higher for the biennium than the separate budgets had included, resulting in a total merged biennial increase of \$272,389, excluding the termination payout. Increases occurred in contracted services and departmental indirect charges, which were not paid by the investment program when it was located in the department of administration.

Federal tax reform has had a significant impact on the activities of the MEDB in the 1986-87 biennium. Elimination of tax exempt status for many types of bonds limited the planned activity and, consequently the anticipated bond proceeds revenue. The general fund four-year startup loan of \$150,000 was due to be repaid at the end of FY87. Because the program pledged its industrial revenue bond reserve in a bond issue, the loan amount cannot be paid from that reserve until 2007, and there were insufficient MEDB revenues to cover the loan payment date. Language is included in HB2 that extends the loan through the 1988-89 biennium to allow the program to explore other repayment options:

"The \$150,000 general fund loan to the Montana Economic Development Board which is due to be repaid by fiscal year end 1987 is extended to June 30, 1989."

Additional language is included in HB2 dealing with the use of a portion of broker commission funds retained by investment brokerage firms on behalf of the investor:

"The board of investments may utilize designated commissions paid on the purchase and sale of securities for products and services customarily provided by brokers for such transactions according to applicable securities industries rules and regulations and Montana statutes. The board will make a report to the 51st legislature on the use of the designated commissions."

Funding of the merged operations is solely from proprietary fund revenues — general fund support of the old MEDB has been eliminated.

Other Appropriation Bills

HB275 appropriates \$500,000 of general fund authority for the 1988-89 biennium to replace the potential earnings lost to investment funds used to purchase discounted certificates of deposit under the agricultural production loan linked deposit program. An amount equal to 1% per annum of the value of each linked deposit made by the board under Title 80, chapter 14, must be credited by the board to the earnings of each investment fund used as a source of money for the purchase of linked deposits.

LOTTERY DIVISION
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	48.78	48.78
Personal Services	0.00	0	1,167,457	1,173,395
Operating Expenses	0.00	0	4,561,664	4,583,417
Equipment	0.00	0	171,592	93,781
Transfers	0.00	0	20,008,000	20,080,000
Total Program Costs	\$0.00	\$0	\$25,908,713	\$25,930,593
State Special Revenue Fund	0.00	0	898,713	830,593
Proprietary Fund	0.00	0	25,010,000	25,100,000
Total Funding Costs	\$0.00	\$0	\$25,908,713	\$25,930,593
Current Level Services	0.00	0	25,908,713	25,930,593
Total Service Costs	\$0.00	\$0	\$25,908,713	\$25,930,593

Program Description

The Lottery Division consists of three programs related to the promotion, regulation and enforcement of public gaming in Montana. The three programs include the Montana State Lottery, Electronic Poker, and the Board of Horse Racing.

The Montana State Lottery was created by the electorate through the passage of Referendum 100 during the 1986 general election. The enabling legislation for the lottery becomes effective on January 1, 1987 and creates a Lottery Commission which is responsible for adopting administrative rules related to the lottery. The legislation also creates a Lottery Director who is responsible for overseeing the operations of the Montana lottery. The commission is attached to the Department of Commerce for administrative purposes.

The Electronic Poker program is responsible for the licensing, testing, and investigation functions associated with the operation of video draw poker and keno machines in the state.

The Board of Horse Racing is responsible for adopting rules to govern horserace meets and the parimutuel system in Montana. The rules adopted govern the licensing of all racing personnel, the establishment of dates for race meets, veterinary practices and standards in connection with race meets, auditing, supervision and investigations related to parimutuel racing in Montana.

Issues Addressed/Legislative Intent

The legislature approved the Lottery Division budget substantially as requested by the Executive. Statutory appropriation authority of \$2,696,605 in FY88 and \$2,724,042 in FY89 for transfer of video poker and keno machine revenues to cities and counties in which the machines are located was removed from HB2. An additional 5.00 FTE and additional operating/equipment costs were also added to HB2 for the impact on the division of HB66 and HB683. A 4% vacancy savings rate was applied to all division personal services costs.

The lottery portion of the budget includes personal services costs for 35 FTE and operating costs for the operation of the lottery. Lottery revenues include estimated gross sales of \$30 per capita, with projected participant populations of 832,000 in FY88 and 835,000 in FY89. Projected annual license fee revenue is \$50,000. Lottery prizes will be paid amounting to approximately 45% of gross sales. Commis-

sions for lottery ticket or chance sales agents will be paid totalling 5% of gross sales (HB374). Administrative expenses of the division are appropriated on the basis of 15% of projected gross sales. The remainder of all gross revenue will be paid quarterly into the public school retirement equalization account in the Office of the Superintendent of Public Instruction. The FY88 amount will be reduced by the amount of the repayment of the \$1.5 million startup general fund loan plus 10% interest, projected to amount to \$72,566. Table 1 summarizes revenues and expenditures for the lottery operation.

Table 1
The Lottery Program
1988-89 Biennium

	FY88	FY89
Revenues		
Ticket Sales	\$24,960,000	\$25,050,000
Licenses	50,000	50,000
Total	\$25,010,000	\$25,100,000
Expenditures		
Prizes (45%)	\$11,254,500	\$11,295,000
Commissions	1,250,500	1,255,000
(5%)		
Administration	3,469,209	3,429,500
Public Retirement	7,463,225	9,120,500
Payback GF	1,572,566	0
Loan		
Total	\$25,010,000	\$25,100,000

NOTE: The lottery program is constituted with statutory appropriation authority. However, in order to clearly delineate anticipated expenditures and revenues for the public, appropriation authority was included in HB2.

The video poker operation was expanded beyond the level included in the Executive Budget. HB189 transferred the video poker operation from the Department of Revenue to the Department of Commerce and established that the cap on administrative expenses would remain at 5%, rather than to be reduced to 3% — both substantial issues included in the Executive recommendation.

DEPARTMENT OF COMMERCE

HB66 instituted the licensing of manufacturers/distributors of poker and keno machines. Implementation of HB66 added: an additional clerical FTE at a cost of \$30,036 for the biennium; \$64,560 for the biennium for increased enforcement contracted services from the Department of Revenue; and an additional \$85,364 of operating and equipment costs that had not been included in the original budget. Further, HB863 significantly altered the nature of the video poker program by adding regulation and licensing of previously unregulated keno machines and by changing the revenue source for the entire program from an annual video poker machine license fee of \$1,500 to a license fee of \$100 per video poker and keno machine plus 15% of the net machine income (total collections minus cash payouts) generated by each machine. (There is also an annual manufacturer and machine distributor license fee of \$1,000.) This considerably expanded the necessary enforcement functions and added an auditing function. This added: 4.00 FTE to the division at a biennial cost of \$161,741; further increased the biennial contracted services costs of obtaining the services of the department of revenue's enforcement division by \$273,826; and added operational and equipment costs for the biennium of \$212,399, including \$24,000 to purchase cars. The impact of these three bills was incorporated in HB2. The following table summarizes the anticipated revenues and appropriated expenditure levels involved.

Table 2
Video Poker/Keno Program
1988-89 Biennium

	FY88	FY89
Revenues:		
License fees (HB863)	\$ 600,000	\$ 600,000
Net Income Tax (HB863)	7,087,500	9,450,000
Manufacturer/Distributor fee (HB66)	132,000	132,000
Total	<u>\$7,819,500</u>	<u>\$10,182,000</u>
Expenditures:		
Administration (appropriated)	\$ 658,411	\$ 597,247
General Fund	2,362,498	3,149,997
Local Gov'ts	4,725,002	6,300,003
Balance in Program Acct	73,589	134,753
Total	<u>\$ 7,819,500</u>	<u>\$10,182,000</u>

(Eligible cities and counties receive two-thirds of net license tax collections and the general fund receives one-third.)

The Board of Horse Racing was funded at the level requested by the Executive Budget and was transferred from the Professional and Occupational Licensing Boards program into this division. The board has 4.78 FTE and a total biennial budget of \$473,648. This represents a 57% biennial increase over base level expenditures, which were deflated due to the vacancy of the executive secretary position in most of FY86. Transfer of a support position from the Professional Occupational Licensing pool to staff this program increases appropriation authority above base level. An annual total of 4,500 licenses are issued by the Board.

Language is included in HB2 regarding the board:

"The board of horseracing may request a budget amendment for the cost of implementing harness racing in Montana. Such request shall be considered to meet the emergency provisions of 17-7403."(MC'A)

DIRECTOR/MANAGEMENT SERVICES
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	27.70	24.20	25.20	25.20
Personal Services	773,913.05	671,997	685,371	684,980
Operating Expenses	202,776.57	152,876	226,674	154,730
Equipment	4,616.29	0	4,225	3,142
Total Program Costs	\$972,073.33	\$824,873	\$916,270	\$842,852
General Fund	125,013.59	125,862	120,214	116,128
Proprietary Fund	847,059.74	699,011	796,056	726,724
Total Funding Costs	\$972,073.33	\$824,873	\$916,270	\$842,852
Current Level Services	972,073.33	824,873	916,270	842,852
Total Service Costs	\$972,073.33	\$824,873	\$916,270	\$842,852

Program Description

Director's Office - The Director's Office provides the department with executive, administrative, legal and policy guidance. This office acts as the liaison among private business, local governments, administratively attached boards and the Governor's office in the effort to improve and stabilize the economic climate in Montana.

Management Services Division - The Management Services Division provides internal support to all agency programs. The services provided include: budgeting, accounting, purchasing, contracting, personnel administration, payroll, training, and the analysis, development, maintenance and supervision of department data processing systems and hardware.

County Printing Board - The County Printing Board is responsible for setting maximum prices which may be charged for county printing and legal advertising. The only general fund in this program supports the County Printing Board.

Issues Addressed/Legislative Intent

The staff level of this program increases by 6.00 FTE from FY86. (FY86 actual FTE was 19.20 FTE. The FTE number

for FY86 in the table above is an accounting artifact resulting from the merger of legal services program personal services costs.) The increase results from the transfer of five positions from the discontinued Legal Services program and the addition of one accounting technician position to the Management Services section to handle the increased departmental workload from the new Lottery Division. A 4% vacancy savings rate was applied to personal services costs of this program.

The legislature chose not to fund contracted services costs to provide for administration of the lemon law. Further, the legislature removed \$975 of general fund authority per year for support of the County Printing Board. The board is responsible for determining maximum prices that may be charged for legal advertising and county printing requirements by local papers. The board has not met for several biennia.

The program's expenditure level decreased by approximately 10% due to the net effect of: reduced contracted services and travel budgets; a reduction in the departmental indirect cost rate applied to the consumer protection and public contractor licensing sections; an increase in repair and maintenance contract costs; and increased audit costs.

DEPARTMENT OF COMMERCE

LEGAL SERVICES Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Personal Services	750.00	0	0	0
Operating Expenses	325.00	0	0	0
Equipment	6,500.00-	0	0	0
Total Program Costs	\$5,425.00-	\$0	\$0	\$0
Proprietary Fund	5,425.00-	0	0	0
Total Funding Costs	\$5,425.00-	\$0	\$0	\$0
Current Level Services	5,425.00-	0	0	0
Total Service Costs	\$5,425.00-	\$0	\$0	\$0

Program Description

The staff of the Legal Services Program provide legal support for the department and its administratively attached boards. The Consumer Affairs Bureau staff provide enforcement of the consumer protection laws and Unfair Practices Act as a separate entity within this program. In addition, program staff establish minimum criteria for the licensing of proprietary post-secondary schools.

Issues Addressed/Legislative Intent

This function was discontinued as a separate program during departmental reorganization in FY87. Seven of the 8.50 FTE were reassigned to other programs in the department (five into the Director's office, one into the Professional and Occupational Licensing Boards program and one into the Local Government Services Division) and 1.50 FTE were permanently eliminated. The consumer protection and public contractor licensing functions are now budgeted and administered from the Director's Office program.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	614.67	610.40	619.90	619.90
Personal Services	13,861,092.45	14,565,120	15,174,628	15,167,441
Operating Expenses	4,260,265.65	4,187,146	7,191,541	7,068,977
Equipment	736,508.56	506,559	281,536	238,636
Capital Outlay	66,357.14	0	30,000	135,540
Grants	8,198,826.43	7,514,000	9,481,246	9,762,309
Total Agency Costs	\$27,123,050.23	\$26,772,825	\$32,158,951	\$32,372,903
General Fund	1,335,930.61	997,250	2,669,453	2,616,632
State Special Revenue Fund	3,250.00	3,250	306,220	295,208
Federal & Other Spec Rev Fund	25,782,560.62	25,768,825	26,561,075	26,920,314
Proprietary Fund	1,309.00	3,500	2,622,203	2,540,749
Total Funding Costs	\$27,123,050.23	\$26,772,825	\$32,158,951	\$32,372,903
Current Level Services	25,849,836.77	26,772,825	32,158,951	32,372,903
Budget Amended Services	1,273,213.46	0	0	0
Total Service Costs	\$27,123,050.23	\$26,772,825	\$32,158,951	\$32,372,903

Agency Description

The Department of Labor and Industry provides employment and training assistance; enforces state and federal labor laws and health-safety laws; works to eliminate discriminatory employment practices, and administers state collective bargaining, workers' compensation, unemployment

insurance, Job Training Partnership Act and Project Work programs. The department consists of the office of the Commissioner; the Job Service Division; the Employment Relations Division; the Unemployment Insurance Division; the Employment Policy Division; and the Centralized Services Division. The Human Rights Division is also attached to the department for administrative purposes.

JOB SERVICE DIVISION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	342.00	343.00	340.00	340.00
Personal Services	7,678,829.46	8,126,215	8,241,806	8,237,311
Operating Expenses	1,782,289.59	1,546,448	2,837,054	2,815,449
Equipment	375,525.43	356,809	161,506	156,506
Capital Outlay	17,036.54	0	30,000	135,540
Grants	16,687.39	80,000	20,000	20,000
Total Program Costs	\$9,870,368.41	\$10,109,472	\$11,290,366	\$11,364,806
State Special Revenue Fund	0.00	0	66,883	61,407
Federal & Other Spec Rev Fund	9,870,368.41	10,109,472	11,223,483	11,303,399
Total Funding Costs	\$9,870,368.41	\$10,109,472	\$11,290,366	\$11,364,806
Current Level Services	9,870,368.41	10,109,472	11,290,366	11,364,806
Total Service Costs	\$9,870,368.41	\$10,109,472	\$11,290,366	\$11,364,806

Program Description

The Job Service Program is provided for in Section 39-51-307, MCA and the federal Wagner Peyser Act of 1934. The main purpose of Job Service is to act as a labor exchange between employers and job applicants. The Division meets this goal by providing referrals to job openings, soliciting job orders and providing training for unemployed, under-employed and economically disadvantaged people.

The Work Incentive Program and the Job Training Partnership act provide most of the funding for these training programs.

The Job Service also provides training on how to find and hold your own job, and does employment counseling. We are currently significantly increasing the amount of aptitude testing we do and are making more referrals based on aptitude instead of just experience.

As of July 1, 1987, the Job Service local offices will participate on Workers' Compensation Rehabilitation Panels. These panels will meet with injured workers for the purpose of advising the Workers' Compensation Division of the workers' eligibility for rehabilitation services. These panels are being implemented as a result of the passage of SB315 by the 50th Legislature.

Issues Addressed/Legislative Intent

The FTE level was reduced in the Job Service Division from the authorized 359 FTE in FY86 and 360 FTE in FY87. The FY86 changes were through reorganization in the division 14 FTE were reduced as the result of moving the Job Training Partnership Act (JTPA) training function to the new Employment Policy Division and 3.0 FTE were moved to Workers' Compensation Division to assist in the increasing workload. In FY87, an additional FTE was added to handle workload increase as a result of legislation regarding Aid to Families with Dependent Children (AFDC) payments and 5.0 FTE were deleted due to pay plan reductions. There was however, an increase of 2.0 FTE due to the passage of SB315. (See narrative below)

The Executive Budget recommendation was approved to increase indirect charges, approximately \$900,000 each year, due to a change in the method of handling program contributions to the internal indirect cost supported services. This will provide for complete reporting of total cost of operating this program in their SBAS reports.

Equipment approved by the 50th Legislature for each year of the 1989 biennium includes the updating of telephone systems \$59,400, upgrading and replacing of data processing equipment in local offices \$60,000 and the purchase of a data base package for \$5,000 to automate manual functions and become more efficient. The replacement of miscellaneous office equipment for Job Service offices will cost \$32,106 each year and \$5,000 in FY88 for Job Service panel participation in SB315.

Construction projects are the weatherization, remodeling and general repair of local offices statewide at a cost of \$135,540 and specific repairs of \$30,000 to the Great Falls office. In addition, a one-time capital outlay expense was approved. The Department of Labor and Industry (DOLI) is planning to remodel and expand the Helena local office at a cost of \$420,000.

HB315 authorized 2.0 FTE and expenses of \$62,947 in FY88 and \$57,761 in FY89 for Job Service panel participation in rehabilitation and reemployment of injured workers.

The program includes federal spending authority for current level operations of all existing job service offices. Specific language in HB2 states that if federal funds are less than these amounts, the department may seek a budget amendment to supplement federal funds with state unemployment assessments as provided in 39-51-404(4).

Job placement services are available without charge at local job service offices throughout Montana. The following table reflects the specific activity and workload in the local job service offices from FY82 through FY86.

Table 1
Job Service Workload Statistics
Fiscal Years 1982 through 1986

	<u>FY82</u>	<u>FY83</u>	<u>FY84</u>	<u>FY85</u>	<u>FY86</u>
Expenses	\$4,676,220	\$4,883,720	\$5,187,961	\$5,385,137	\$5,573,935
Placement					
Transactions	53,275	60,636	51,392	53,187	53,421
Cost per Trans	\$88	\$81	\$101	\$101	\$104
Files Active	110,498	114,784	128,258	123,291	143,023
Job Openings Received	59,757	64,522	60,213	65,192	66,580
Tests Given	11,067	11,460	11,971	17,893	21,735
Employer Visits	19,172	18,429	16,667	18,822	21,841
Registered New/Renew	94,990	97,538	102,866	105,096	121,112

The Work Incentive Program (WIN) trains welfare recipients to help get them off the welfare rolls. The dollar savings outnumbers the spending when a welfare recipient finds a job and no longer receives welfare payments. There was a 33% reduction nationally in FY81 in federal dollars for this program and some WIN programs have had to be discontinued.

The following table shows the cost/benefits indicator for WIN since FY76 and includes SRS and Job Service. This indicator essentially provides a measure of the impact of \$1 worth of WIN expenditures in terms of return to the economy. So for every WIN dollar spent in Montana in FY86 i.e., the WIN program returned \$16.74 to the Montana economy through the generation of wages and the reduction of welfare grant payment.

Table II
Job Service Work Incentive Program (WIN)
Cost and Benefit

Year	Cost/Benefit
FY76	\$4.05
FY77	\$3.09
FY78	\$5.63
FY79	\$5.13
FY80	\$6.10
FY81	\$7.90
FY82	\$5.87
FY83	\$5.67
FY84	\$9.28
FY85	\$12.28
FY86	\$16.74

UNEMPLOYMENT INSURANCE Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	94.90	93.90	88.90	88.90
Personal Services	1,899,696.13	1,987,238	1,957,158	1,956,503
Operating Expenses	745,967.36	574,618	1,500,429	1,475,434
Equipment	197,996.92	83,923	54,930	54,930
Capital Outlay	49,320.60	0	0	0
Total Program Costs	\$2,892,981.01	\$2,645,779	\$3,512,517	\$3,486,867
Federal & Other Spec Rev Fund	2,892,981.01	2,645,779	3,512,517	3,486,867
Total Funding Costs	\$2,892,981.01	\$2,645,779	\$3,512,517	\$3,486,867
Current Level Services	2,843,660.41	2,645,779	3,512,517	3,486,867
Budget Amended Services	49,320.60	0	0	0
Total Service Costs	\$2,892,981.01	\$2,645,779	\$3,512,517	\$3,486,867

Program Description

The Unemployment Insurance Program is provided for in Section 39 51-307, MCA, and in Section 903 of the Social Security Act. Program staff collect unemployment taxes and provide unemployment insurance benefits to unemployed persons in accordance with state and federal laws.

Issues Addressed/Legislative Intent

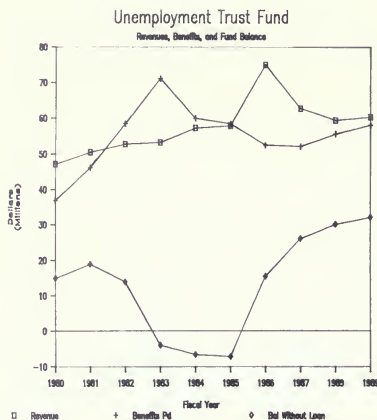
The FTE level authorized for FY86 was 93.90 and was increased 1.0 FTE in FY86 due to the transfer of a Statistical Clerk II and the Unemployment Insurance federal function from Centralized Services Division. A decrease of 6.0 FTE in the 1989 biennium reflects reductions due to the FY87 unfunded pay plan.

Within the operating budget there is an increase from FY86 of \$762,129 and \$751,032 in indirect recharges is due to a change in the method of handling program contributions to the internal indirect cost supported services. This allows for

a proper tracking of funds within SBAS. All funds contribute in an equitable manner.

Recommended equipment purchases were approved which include the replacement of outdated terminals in the Benefits and Tax Bureau, a controller, four personal computers and two printers at a cost of \$41,130 each year of the 1989 biennium. Multi-user software for \$3,500 each year will provide networking capabilities and software upgrades for spreadsheets, project management and wordprocessing of \$3,000 each year. The replacement of miscellaneous office equipment will cost \$7,300 each year.

The historical and projected expenditures from the trust fund and ending fund balances are displayed in the graph below. As shown the trust fund balance, without loans, will be approximately \$32 million at the end of the 1989 biennium. The impact of HB284 and HB272 in the 1987 biennium raised the trust fund balance and revenues and reduced unemployment benefits.



CENTRALIZED SERVICE ADMIN Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	72.10	69.00	66.00	66.00
Personal Services	1,568,657.64	1,723,349	1,699,406	1,698,553
Operating Expenses	699,989.05	844,154	727,189	669,897
Equipment	105,065.24	5,000	35,700	12,200
Total Program Costs	\$2,373,711.93	\$2,572,503	\$2,462,295	\$2,380,650
Federal & Other Spec Rev Fund	2,373,711.93	2,572,503	0	0
Proprietary Fund	0.00	0	2,462,295	2,380,650
Total Funding Costs	\$2,373,711.93	\$2,572,503	\$2,462,295	\$2,380,650
Current Level Services	2,373,711.93	2,572,503	2,462,295	2,380,650
Total Service Costs	\$2,373,711.93	\$2,572,503	\$2,462,295	\$2,380,650

Program Description

The Centralized Services Program staff provide accounting, budgeting, data processing, personnel, and general services for the various functions of the Department of Labor and Industry.

Issues Addressed/Legislative Intent

The overall FTE level in this program was reduced from the 1987 biennium through, 1) a transfer of 11.0 FTE to Workers' Compensation, 2) reorganization transferred 22 FTE in the Research and Analysis Bureau to the Employment Policy Division, 3) 25.0 FTE in the Audit Bureau moved to the Employment Relations Bureau, and 4) due to pay plan reductions 2.0 FTE were deleted.

Within the operating expenses some increases are due to audit fees in FY88 of \$53,301 which was not reflected in the base year of FY86 but was an expense in FY87, payroll service fees increase of \$10,318 in FY88 and \$8,866 in FY89 and an increase in indirect charges of \$3,845 in FY88 and \$803 in FY89.

There is a reduction in operating expenses due to the transfer of the Audit and Research and Analysis Bureaus out of the program. Computer processing also decreases \$8,858 each year of the biennium from \$38,458 in FY86.

Utilities are included in the rent payment and include janitorial and security services, garbage removal and water and sewage expenses of \$170,757 in FY88 and \$178,107 in FY89.

Recommended equipment was approved by the legislature including the replacement of 6 terminals at a cost of \$12,000 in FY89. In FY88 the department anticipates purchasing two personal computers, a printer and a controlling unit for the P.C. network for \$13,300, a sorter and feeder to enable multi copying and additional collating and miscellaneous office equipment for \$18,000 and software for per-

sonal computers for \$3,000. Film replacement will cost \$200 each year of the 1989 biennium.

Funding changed from Federal and Private Special Revenue to the Proprietary fund to provide complete reporting of total costs of operating this program on SBAS reports. This program is supported by charges assessed against other programs in the department including Workers' Compensation and data processing funds.

EMPLOYMENT RELATIONS Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	49.00	49.00	53.50	53.50
Personal Services	1,269,116.37	1,316,334	1,464,197	1,464,052
Operating Expenses	337,917.06	413,244	485,407	477,276
Equipment	18,175.00	44,327	10,900	0
Total Program Costs	\$1,625,208.43	\$1,773,905	\$1,960,504	\$1,941,328
General Fund	643,128.28	651,695	621,358	622,676
State Special Revenue Fund	3,250.00	3,250	239,337	233,801
Federal & Other Spec Rev Fund	977,521.15	1,115,460	1,096,309	1,081,351
Proprietary Fund	1,309.00	3,500	3,500	3,500
Total Funding Costs	\$1,625,208.43	\$1,773,905	\$1,960,504	\$1,941,328
Current Level Services	1,625,208.43	1,773,905	1,960,504	1,941,328
Total Service Costs	\$1,625,208.43	\$1,773,905	\$1,960,504	\$1,941,328

Program Description

The Employment Relations Division includes the five member Board of Personnel Appeals, the three member Board of Labor Appeals and three bureaus: Audit, Appeals and Investigations.

The Board of Personnel Appeals, through the Appeals Bureau, administers the Montana Collective Bargaining Act and the Nurses Employment Practices Act. It also hears classification appeals for state government employees and hears grievances for employees in the Department of Highways and Department of Fish, Wildlife and Parks. Labor disputes are mediated under the auspices of the Board of Personnel Appeals.

The Board of Labor Appeals, through the Appeals Bureau, hears disputes concerning the administration of Montana's Unemployment Insurance laws.

The Appeals Bureau conducts hearings on disputes over minimum wage and overtime provisions of state and federal law.

As of July 1, 1987, the Appeals Bureau will implement their portion of SB315 that was passed by the 50th Legislature. That bill requires parties with certain disputes over workers' compensation benefits to submit the dispute to a Department of Labor and Industry mediator prior to petitioning the Workers' Compensation Court. The purpose of these proposed rules is to set forth the procedures through which mediation is commenced and accomplished.

The Audit Bureau performs auditing and other special services for the department. The audits confirm the accuracy of premiums and contributions paid to the Workers' Compensation and Unemployment Insurance Funds based on employment earnings reportable to the respective funds.

The Investigations Bureau investigates disputes related to minimum wage and overtime provisions of state and federal law.

Issues Addressed/Legislative Intent

The department reorganized in FY87, creating the new program Employment Relations. The Audit Bureau and associated 25 FTE, previously in Centralized Services, transferred to this program. The Board of Labor Appeals, the Board of Personnel Appeals and Investigations Bureau of 22.5 FTE make up the remainder of this program.

Due to a reduction of pay plan funding in FY87, a .50 FTE Labor Mediator in Personnel Appeals and 1.0 FTE receptionist in Labor Appeals were cut. These figures reflect the FTE levels after reorganization and after reductions for pay plan funding cuts.

One of the major functions of the program is the enforcement of wage laws and wage claim enforcement. The following table shows the work load statistics and identifies a significant difference in FY86 and FY87 due to the economy changes and more bankruptcies filed.

Table 1
Workload Statistics
FY80 through FY89

	Wage Claims Filed	Wages Recovered
FY80	750	\$276,802
FY81	838	\$349,808
FY82	887	\$406,582
FY83	1352	\$459,480
FY84	1477	\$555,705
FY85	1749	\$584,406
FY86	1582	\$426,933
FY87 as of 4-30-87	1134	\$473,779
FY88 projected	1550	\$500,000
FY89 projected	1600	\$500,000

A current level operating budget was approved with increases for personnel appeals fact finding of \$1,912, legal services \$2,967 and secretarial services increase of \$800. Computer and terminal maintenance will increase \$12,325.

Due to a change in accounting policy to have all indirect costs reflected in the program budget, it was necessary to add appropriation authority to this program. Indirect recharges reflect an increase of \$51,184 in FY88 and \$43,716 in FY89 over the \$144,813 amount in FY86.

Equipment purchases approved in FY88 are two personal computers and software for the audit tracking system at a cost of \$6,900.

The remaining \$4,000 is equipment funded through the passage of SB315.

SB315 generally revises the Workers Compensation Act and Occupational Disease Laws. Within the legislation is a process of adjudication of injured workers and mediators will be responsible for determining and applying findings of fact. Employment Relations division will require 4.0 FTE mediators, 1.0 FTE legal secretary and 1.0 FTE clerk, operating expenses and equipment in FY88 at a cost of \$215,031 in FY88 and \$210,420 in FY89 to comply with this bill in the 1989 biennium.

Funding sources include general fund to support the Board of Personnel Appeals and support staff and Investigations. Funds for rule making under prevailing wage law, hearings and publishing the rules yearly are also general fund. Private employment agencies funding of \$4,000 each year which is generated from license fees has been transferred to the Department of Commerce.

State special revenue is state Workers' Compensation funding for the mediation requirements in SB315.

Federal funds for the program are: Audit Bureau of \$835,445 in FY88 and \$825,122 in FY89; Fact finding costs of \$3,346 each year of the 1989 biennium; Unemployment Insurance appeals support of \$257,518 in FY88 and \$252,883 in FY89. Funding for printing case decisions are proprietary funds of \$3,500 each year.

EMPLOYMENT POLICY DIVISION

Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	41.00	41.00	41.00	41.00
Personal Services	1,026,568.28	1,016,362	1,063,693	1,063,076
Operating Expenses	591,112.65	700,274	1,132,657	1,107,999
Equipment	39,235.97	16,500	18,500	15,000
Total Program Costs	\$1,656,916.90	\$1,733,136	\$2,214,850	\$2,186,075
General Fund	194,530.84	4,547	19,567	0
Federal & Other Spec Rev Fund	1,462,386.06	1,728,589	2,195,283	2,186,075
Total Funding Costs	\$1,656,916.90	\$1,733,136	\$2,214,850	\$2,186,075
Current Level Services	1,656,916.90	1,733,136	2,214,850	2,186,075
Total Service Costs	\$1,656,916.90	\$1,733,136	\$2,214,850	\$2,186,075

Program Description

The Employment Policy Division (EPD) provides overall employment and training policy/planning functions for the Department of Labor and Industry. Two Bureaus support the Division as follows:

1. Apprenticeship & Training Bureau administers the apprenticeship program (Section 39-6-101, MCA) and the Job Training Partnership Act (JTPA) program. JTPA provides training opportunities for economically disadvantaged people, including unskilled adults, youth and dislocated workers. The Bureau also administers related training programs, such as displaced homemakers.

Project Work for able-bodied general assistance recipients, dislocated farm workers, etc.

The Bureau operates as staff for the Job Training Coordinating Council, the Concentrated Employment Program and the Balance-of-State Local Government Job Training Advisory Council by presenting information and evaluations which assist councils in awarding subgrants to program operators. The Bureau awards and monitors subgrants as directed by PIC's. The Bureau develops and monitors apprenticeship programs.

2. Research & Analysis Bureau develops data and statistics related to employment, conducts surveys and studies

with contracting agencies and charts employment trends in the state.

The Bureau is funded by agency (example: Unemployment Insurance, JTPA, Bureau of Labor Statistics) to provide information ranging from unemployment rates to monthly surveys to calculations such as the average weekly wage to publications.

The Bureau enters into a contract with each funding agency and agrees to provide the necessary information within budget and time limits.

Issues Addressed/Legislative Intent

Employment Policy Division was created through reorganization of the department in the 1987 biennium. The Apprenticeship Bureau and 5.0 FTE transferred from Labor Standards, the Research and Analysis Bureau and 22.0 FTE moved from Centralized Services and the Job Training Partnership Act (JTPA), training function and 14.0 FTE transferred from the Job Service Division to this program.

Operating expenses were expanded to include \$107,000 each year for a federally funded participant follow-up program

and \$77,000 to contract with outside auditors for compliance reviews to meet Federal regulations each year of the biennium. Due to a change in accounting policy to have all indirect costs reflected in the program budget, it was necessary to add appropriation authority to this program. Indirect and administrative costs are approximately \$409,170 in FY88 and \$404,903 in FY89 over the 1986 level of \$94,880 that was accounted for under this program using the old accounting procedures.

The Executive Budget recommendation for equipment purchases was approved.

Funding for this program changes as the Apprenticeship Bureau and a portion of the costs of a 1.0 FTE administrator position funded by general fund is now funded by the unemployment insurance penalty and interest funds totaling \$178,162 in FY88 and \$178,096 in FY89. The general fund of \$19,567 in FY88 represents the cost of the prevailing wage survey.

Federal revenue includes funding for the Research and Analysis Bureau and JTPA staff.

HUMAN RIGHTS DIVISION Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	10.50	10.50	9.00	9.00
Personal Services	242,898.79	258,604	235,786	235,903
Operating Expenses	74,922.24	79,036	76,256	73,474
Equipment	510.00	0	0	0
Total Program Costs	\$318,331.03	\$337,640	\$312,042	\$309,377
General Fund	207,051.00	216,008	216,042	213,377
Federal & Other Spec Rev Fund	111,280.03	121,632	96,000	96,000
Total Funding Costs	\$318,331.03	\$337,640	\$312,042	\$309,377
Current Level Services	318,331.03	337,640	312,042	309,377
Total Service Costs	\$318,331.03	\$337,640	\$312,042	\$309,377

Program Description

The Human Rights Commission is provided for in Section 2-15 1706, MCA, and is allocated to the Department of Labor and Industry for administrative purposes. The Commission is charged with enforcing the Montana Human Rights Act (Title 49, chapter 2, MCA) and the Governmental Code of Fair Practices (Title 49, chapter 3, MCA). These laws prohibit discrimination on the basis of race, creed, religion, color, national origin, age, handicap, marital status, sex and political belief in the areas of employment, public accommodations, housing, financial and credit transactions, insurance, education and government services. The Commission is a neutral, quasi-judicial board. Its staff, the Human Rights Division, conducts impartial investigations and attempts to resolve complaints through mediation and conciliation. If complaints cannot be resolved by the staff, contested hearings are conducted by the Commission, usually utilizing a staff hearing examiner. The Commission also has responsibility for educational programs designed to eliminate discrimination.

Of the complaints filed, 35% allege violation of only state law while 65% allege violation of both federal and state law. In order to eliminate duplication of enforcement, the Com-

mission has worksharing agreements with two federal enforcement agencies, the Equal Employment Opportunity Commission and the Department of Housing and Urban Development. These federal agencies reimburse the Commission a portion of the costs of processing cases which fall under both state and federal law.

Issues Addressed/Legislative Intent

The Human Rights Division current level personal services were reduced by 1.50 FTE, a 1.0 Human Rights Officer I and a .50 Human Rights Officer II. Due to the staff reduction, operating expenses also decreased in travel by \$700, supplies \$581 and communications \$2,139.

Increases in operating include the microfilming of case files closed in previous years, approved for \$1,500 in FY88 and \$250 in FY89. There is also a cost in the budget to shred the files when microfilming has been completed. Rent increased \$832 due to relocation and an additional \$1,600 for maintenance contracts for computer equipment donated by Equal Employment Opportunity Commission (EEOC).

Specific language in HB2 states that any federal funds received for case processing and related travel in the excess

of the amount of \$105,607 in FY88 and \$105,593 in FY89, shall cause a like reversion of general fund. Any other federal funds made available to provide other services will be approved through the regular budget amendment process.

The legislature approved the Executive Budget recommendation that increased the 1989 biennium general fund support for this program by 4% in FY88 and 3% in FY89. The divi-

sion anticipates federal fund losses in the 1989 biennium because a higher proportion of the new cases filed allege a violation of state law only. Cases are federally reimbursed only if violation are of both state and federal employment discrimination law.

The table below shows the number of cases received and closed since 1982 and an estimate for the 1989 biennium.

Table I
Human Rights Commission
Case Load Summaries and Projections

Fiscal	1982	1983	1984	1985	1986	1987	1988	Projected 1989
Year								
Inquiries	1525	2000	1672	1572	1514	1500	1500	1500
Cases Received	270	234	317	319	286	315	320	320
Cases Closed	201	434	342	317	298	324	280	280
Cases Open	534	334	309	311	299	290	330	370
6 Month Working Inventory	135	115	157	153	147	144	160	160
Backlog	399	219	152	158	152	146	170	210
Authorized FTE	8.00	8.00	10.5	9.75	10.5	10.5	9.00	9.00
Actual FTE Filled	6.75	7.5	10.0	9.75	9.75	9.00	9.00	9.00
Cases Closed Per FTE Filled	29.7	57.8	34.2	32.5	30.6	36.0	31.1	31.1

COMMISSIONER Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	4.00	4.00	4.00	4.00
Personal Services	154,604.80	137,018	139,829	139,993
Operating Expenses	27,704.35	29,372	16,579	16,660
Total Program Costs	\$182,309.15	\$166,390	\$156,408	\$156,599
Federal & Other Spec Rev Fund	182,309.15	166,390	0	0
Proprietary Fund	0.00	0	156,408	156,599
Total Funding Costs	\$182,309.15	\$166,390	\$156,408	\$156,599
Current Level Services	182,309.15	166,390	156,408	156,599
Total Service Costs	\$182,309.15	\$166,390	\$156,408	\$156,599

Program Description

The staff of the Commissioner's Office are responsible for the overall administration of the Department of Labor and Industry. This includes assuring that departmental objectives are met by providing program direction, managing human and financial resources, administering merit tests and representing the department on legislative matters.

Issues Addressed/Legislative Intent

The budget level for the Commissioner's Office decreases \$25,901 in FY88 and \$25,710 in FY89 from the 1987 biennium. Personal services reflected a pay out in FY86 of accu-

mulated vacation and sick leave to the previous commissioner. Operating expenses also decreased as indirect charges to the Centralized Services program will no longer be reflected in this budget.

Out of state travel increased by \$5,738 each year. The FY86 travel budget was low as there were two commissioner changes in the last few years and minimal travel was done.

The funding source changed from federal special revenue to the proprietary fund to eliminate the double recording of expenditures and improve reporting for users of SBAS reports.

JOB TRAINING PARTNERSHIP ACT
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	1.17	.00	.00	.00
Personal Services	20,720.98	0	0	0
Operating Expenses	363.35	0	0	0
Grants	8,182,139.04	7,434,000	8,654,243	8,983,382
Total Program Costs	\$8,203,223.37	\$7,434,000	\$8,654,243	\$8,983,382
General Fund	291,220.49	125,000	216,760	216,760
Federal & Other Spec Rev Fund	7,912,002.88	7,309,000	8,437,483	8,766,622
Total Funding Costs	\$8,203,223.37	\$7,434,000	\$8,654,243	\$8,983,382
Current Level Services	6,979,330.51	7,434,000	8,654,243	8,983,382
Budget Amended Services	1,223,892.86	0	0	0
Total Service Costs	\$8,203,223.37	\$7,434,000	\$8,654,243	\$8,983,382

Program Description

The Job Training Partnership Act (JTPA) Subgrant program is administered by Labor and Industry - Employment Policy Division. These JTPA grants are federal funds that are passed through to state agencies and private, non-profit organizations that provide these training programs.

Issues Addressed/Legislative Intent

The budget for this program was approved at the anticipated federal funding level of Job Training Partnership Act (JTPA) for the 1989 biennium.

The following table shows the training programs funded by JTPA, the people placed per program and cost per program.

Table 1
JTPA Statistics

<u>Training Program</u>	Policy Division	
	<u>FY85</u>	<u>FY86</u>
IIA Adult		
Cost/Placement	2,188	2,665
Average Wage	4.78	4.83
# of Placements	282	361
Ila Youth		
Cost/Placement	2,884	2,558
# of Placements	159	194
IIB Summer Youth		
Training		
# of Participants	1,918	1,671
Average Wage	4.40	4.20
<u>Training Program</u>	Job Service Division	
	<u>FY85</u>	<u>FY86</u>
IIA Adult		
Cost/Placement	1,971	1,869
Average Wage	4.80	5.11
# of Placements	1,121	1,313
Ila Youth		
Cost/Placement	2,087	2,336
# of Placements	672	667

A modification of \$926,410 each year was approved by the 50th Legislature. The Summer Youth Training program recruits economically disadvantaged youth for summer employment in non profit job sites and on the job training.

HB460 permanently increased the fee for dissolution of marriage from \$25 to \$100 of which \$40 will be deposited to the general fund for the Displaced Homemaker Program. The remaining \$60 is distributed to the Big Brothers and Sisters Program \$30, Childrens Trust Fund account \$5, Aid to Families with Dependent Children (AFDC) \$5, and the county \$20.

General fund of \$216,760 each year is for the Displaced Homemaker Program. Dislocated worker and pre-employment training funds previously funded by general

fund will be funded with unemployment insurance penalty and interest funds of \$209,000 each year.

The remaining funds of \$8,228,483 in FY88 and \$8,557,622 in FY89 are federal JTPA grants.

PROJECT WORK Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	17.50	17.50
Personal Services	0.00	0	372,753	372,050
Operating Expenses	0.00	0	325,061	323,751
Grants	0.00	0	729,908	731,832
Total Program Costs	\$0.00	\$0	\$1,427,722	\$1,427,633
General Fund	0.00	0	1,427,722	1,427,633
Total Funding Costs	\$0.00	\$0	\$1,427,722	\$1,427,633
Current Level Services	0.00	0	1,427,722	1,427,633
Total Service Costs	\$0.00	\$0	\$1,427,722	\$1,427,633

Program Description

General Assistance Project Work Program is administered by Labor and Industry - Employment Policy Division in cooperation with the Department of Social and Rehabilitation Services. Subgrants are state funds passed through to state and county agencies and private, non-profit organizations that provide job search and training programs required by MCA 53-3-304.

Issues Addressed/Legislative Intent

The General Assistance Training Program in the Department of Labor and Industry was created in 1987. Statutory appropriation spending authority was provided to operate a training program by contract with the Department of Social and Rehabilitative Services (SRS). The appropriated funds were for 8 months.

The program newly named Project Work, has a total of 17.5 FTE and \$1,427,722 in FY88 and \$1,427,633 in FY89 of general fund. The local job service offices provide 15 FTE for interviewing, counseling and assisting in the training program. The Employment Policy Division has 2.5 FTE consisting of an Administrative Clerk 1.0 FTE, and 1.5 FTE Employment and Training Specialists.

Workers' compensation costs for participants in the program was added in the 1989 biennium of \$145,000 each year.

Language in HB2 states the department shall seek federal funds for general assistance training program activities and shall offset allowable general fund work training project expenses with federal funds received to administer such programs.

CHILD CARE - AFDC Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	0.00	0	90,909	109,091
Grants	0.00	0	77,095	27,095
Total Program Costs	\$0.00	\$0	\$168,004	\$136,186
General Fund	0.00	0	168,004	136,186
Total Funding Costs	\$0.00	\$0	\$168,004	\$136,186
Current Level Services	0.00	0	168,004	136,186
Total Service Costs	\$0.00	\$0	\$168,004	\$136,186

Program Description

The purpose of this program is to provide initial child care assistance to former Aid to Families with Dependent Children (AFDC) clients who are employed and to provide information as to the program's impact on successful employment of AFDC clients.

Issues Addressed/Legislative Intent

The legislature approved the Executive Budget of general fund totaling \$90,909 in FY88 and \$109,091 in FY89 to provide 4 months of child care assistance to parents moving from Aid to Families with Dependent Children (AFDC) to employment and to evaluate the effectiveness of such assistance.

tance in helping recipients to achieve long term gainful employment. This assistance will not be considered an entitlement but rather provided on an as-needed basis and will not duplicate any similar assistance available through Job Training Partnership Act (JTPA).

Child care would be provided to 70 - 100 families recently employed to insure financial success through the transitional period. The information gathered through this program will be helpful to other federal work-related initiatives being developed for public assistance programs.

HB460 raises the marriage dissolution fee from \$25 to \$100. The New Horizon program's share of that fee totals \$5 or a total general fund appropriation of \$27,095 each year of the 1989 biennium. The remaining \$95 is distributed to the Displaced Homemaker Program \$40, Big Brothers and Sisters

Program \$30, Childrens Trust Fund account \$5 and the county \$20. This appropriation was amended in to HB2.

Other Appropriation Bills

HB888 authorizes the Department of Labor and Industry to provide child care assistance to former AFDC recipients on an as-needed basis for no longer than the first 6 months of employment and may not exceed \$200 a month per child. The bill appropriates \$50,000 general fund for the 1989 biennium for a pilot incentive program for operators of the Displaced Homemaker Program. A cash bonus of \$350 will be paid to selected operators whose clients received AFDC benefits for 9 consecutive months before entering employment and who completed at least 6 consecutive months of gainful employment.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	183.90	188.00	204.25	204.25
Personal Services	3,919,516.47	3,805,249	4,583,276	4,589,308
Operating Expenses	2,310,858.29	2,396,055	3,032,020	2,907,129
Equipment	155,671.34	133,445	235,669	127,540
Benefits and Claims	1,054,763.82	1,187,678	622,783	598,583
Transfers	557,077.23	190,304	9,962	431,338
Total Agency Costs	\$7,997,887.15	\$7,712,731	\$8,483,710	\$8,653,898
General Fund	99,977.91	100,791	69,582	64,583
State Special Revenue Fund	7,773,879.26	7,388,959	8,289,679	8,464,439
Federal & Other Spec Rev Fund	124,029.98	222,981	124,449	124,876
Total Funding Costs	\$7,997,887.15	\$7,712,731	\$8,483,710	\$8,653,898
Current Level Services	7,997,887.15	7,712,731	8,483,710	8,653,898
Total Service Costs	\$7,997,887.15	\$7,712,731	\$8,483,710	\$8,653,898

Agency Description

The Workers' Compensation Division is provided for in Section 2 15-1702, MCA. Division staff administer the Workers' Compensation Act, along with several related statutes. Staff responsibilities include: the administration of the

State Compensation Insurance Fund; the monitoring of claims handled by private insurance carriers and self-insurers; the administration of state industrial safety and health laws; and the referral of disabled workers to rehabilitation programs.

ADMINISTRATION PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988 FY 1989	
Full Time Equivalent Employees	39.00	40.00	39.50	39.50
Personal Services	861,929.61	884,851	927,047	928,228
Operating Expenses	598,104.42	479,069	682,731	506,019
Equipment	50,432.74	3,620	46,804	42,393
Transfers	0.00	0	9,962	431,338
Total Program Costs	\$1,510,466.77	\$1,367,540	\$1,666,544	\$1,907,978
State Special Revenue Fund	1,478,665.60	1,332,401	1,633,444	1,874,909
Federal & Other Spec Rev Fund	31,801.17	35,139	33,100	33,069
Total Funding Costs	\$1,510,466.77	\$1,367,540	\$1,666,544	\$1,907,978
Current Level Services	1,510,466.77	1,367,540	1,666,544	1,907,978
Total Service Costs	\$1,510,466.77	\$1,367,540	\$1,666,544	\$1,907,978

Program Description

The Administration Program staff are responsible for providing management and support services to the division.

Issues Addressed/Legislative Intent

The Administration Program was reorganized in FY86, transferring 1.0 FTE from Safety to serve as clerical support to the administrator. This position was transferred to Insurance Compliance and 2.0 FTE were transferred to the State Insurance Fund in FY87. These 2 FTE transferred to the Policy Services Section allowed implementation of work modules responsible for covering all employers in the 4 geographical areas of the state.

Several modifications were approved including a 1.00 FTE legal secretary to assist two attorney included in the State Insurance Fund program. This position is a special line item in HB2 and is to sunset at the end of the 1989 biennium. Computer development costs to complete the implementation of the computer system were approved for \$181,000 in FY88 and \$75,000 in FY89. Also included as a modified budget was a 1.00 FTE programmer analyst to assist in automation to generate management information and identify uninsured employers and a .50 FTE mail clerk to assist with increased mail workload. The division will continue to process its own outgoing mail.

Current level operating expenses decreased in contracted services from FY86 specifically in computer and informa-

tion systems development as the computer system is in final stages of implementation. Expenses in FY86 were \$188,684 and will decrease to \$12,000 in FY88 for required changes due to the passage of HB249.

Increases to the operating budget are as follows: additional audit costs \$1,585 in FY88, added parking space rent from the City of Helena of \$3,480 each year, copier rent from Publications and Graphics of \$7,542 each year, communications increase of \$6,300 due to the cost of small business clinic mailings and a one-time purchase of \$9,485 for a telephone stacker to increase incoming call capacity.

The division was given approval to upgrade its Wang computer to allow the support of additional workstations that will be required. This upgrade is budgeted at \$31,209. In FY89, the division will purchase a workstation for \$2,200 to be used by the accounting section. Various software packages to improve the overall management of system resources will be purchased in FY89, as well as a personal computer to allow data exchange between all personal computer users.

Funding is from two sources: state special revenue of Workers' Compensation assessments on insurers; federal funding

from the Occupational Safety and Health Act (OSHA) which provides statistics on workplace accidents to OSHA, and surveys industries identifying target areas for OSHA supervision.

HB249 requires Workers' Compensation to charge a minimum annual premium on each contract and policy of insurance issued under plan 3 sufficient to cover the cost of administering the policy. Required computer system changes of \$12,000 will be necessary to implement the new charge. This expense is included in HB2.

SB315 generally revises the workers' compensation and occupational disease laws. The reform passed by the 50th Legislature is expected to reduce costs for administering worker's compensation plans by about 20%.

HB884 also passed the legislature to deal with a projected \$125 to \$147 million deficit in the state fund by June 30, 1986. The legislation imposes a .3% payroll tax on all businesses in the state for four years, which will provide enough money to head off a major rate increase early in FY88. There was no appropriation approved to cover related costs.

STATE INSURANCE FUND Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	85.90	88.00	98.00	98.00
Personal Services	1,720,713.35	1,592,364	2,094,390	2,094,781
Operating Expenses	1,380,665.02	1,540,999	1,739,159	1,803,665
Equipment	37,629.41	35,578	110,641	56,550
Total Program Costs	\$3,139,007.78	\$3,168,941	\$3,944,190	\$3,954,996
State Special Revenue Fund	3,139,007.78	3,168,941	3,944,190	3,954,996
Total Funding Costs	\$3,139,007.78	\$3,168,941	\$3,944,190	\$3,954,996
Current Level Services	3,139,007.78	3,168,941	3,944,190	3,954,996
Total Service Costs	\$3,139,007.78	\$3,168,941	\$3,944,190	\$3,954,996

Program Description

The State Insurance Fund Program staff operate and administer the State Insurance Fund. They enroll employers, establish premium rates and pay claims to industrially injured workers.

Issues Addressed/Legislative Intent

FTE changes are reflected from the appropriated 76.25 FTE in FY86 and FY87. The department deleted a .25 FTE clerical position, and transferred 2.00 FTE from Administration through reorganization and transferred 7.90 FTE from Job Service and Centralized Services Divisions to address the increase in workload in FY86. In FY87 4.10 FTE were transferred from Centralized Services. The 2.00 FTE transferred to this program in FY86 were also transferred in FY87 but are not reflected in the FY87 FTE amounts.

Due to workload increase in areas managed by the State Insurance Fund, a total of 10.0 FTE were approved by the legislature with the intent that the positions be reviewed in the next biennium as to the necessity for continuation. The positions are a claims examiner, six field representatives and a clerical position to support the field unit and two attorneys totally \$339,300 in FY88 and \$285,202 in FY89. These

FTE will not be included in the current level budget in the 1991 biennium.

Operating expenses increase in contracted services in several significant areas including re-insurance \$151,196 in FY88 and \$151,121 in FY89. Actuarial services now reflects \$28,350 in FY88 and \$29,767 in FY89. Medical, chiropractic and physical therapy consultants will be hired to provide expert information used in claims management practices and medical benefit payments at a cost of \$34,650 in FY88 and \$36,384 in FY89. Computer processing production increases \$160,448 in FY88 and \$217,772 in FY89 to maintain levels of service within statutory requirements and reduce employer costs by providing more timely service to claimants.

Postage increases as the program will mail medical warrants previously paid with general fund by the State Auditor. The funding will now be with state special revenue of \$20,725 in FY88 and \$28,041 in FY89. Benefit warrants are also included in the postage costs and will continue to be processed and mailed by the division.

Rent of \$5,000 each year of the biennium is for a copier to be rented from Publications and Graphics, Department of Administration. Maintenance is included in the cost.

The internal audit function was reduced by \$85,785 and \$90,415 in the 1989 biennium to cover the pay plan reductions in FY87.

Recommended equipment was approved including the modified request for vehicles for the field representatives of \$51,912.

Funding is state special revenue of workers' compensation premiums paid by employers.

HB884 passed by the 50th Legislature imposes a .3% payroll tax on all businesses in the state for 4 years and will provide

enough money to head off major rate increases in July 1987. There was no appropriation approved to cover related costs.

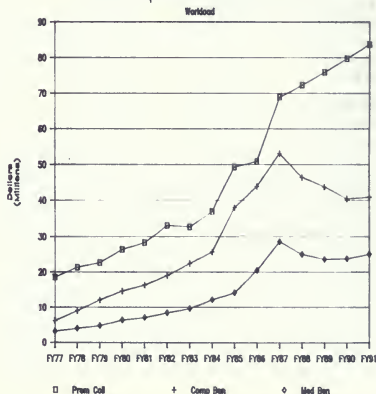
SB315 is an act to generally revise the workers' compensation and occupational disease Laws. The reform bill passed by the legislature is intended to reduce the cost of administering workers' compensation insurance plans by 20%.

The following table reflects historical and projected data from FY77 through FY91 of premiums earned, open case-load and medical and compensation benefits paid.

Table I
State Compensation Insurance Fund (Workload)
Fiscal Years 1977-1991

Revenue		FY77	FY78	FY79	FY80	FY81	FY82	FY83	FY84
Benefits	Premium Collected	\$18,569,726	\$21,384,869	\$22,724,305	\$26,453,151	\$28,343,966	\$33,130,446	\$32,689,000	\$37,032,669
	Comp Benefits	\$6,242,303	\$9,062,434	\$12,073,818	\$14,592,039	\$16,354,209	\$18,994,422	\$22,447,940	\$25,753,121
	Medical Benefits	\$3,218,933	\$4,062,421	\$4,792,134	\$6,355,624	\$7,084,644	\$8,438,557	\$9,682,244	\$12,141,318
Open Cases as of yr end		3436	3129	4107	3575	3350	3846	4130	4845
Revenue		FY85	FY86	FY87	FY88	FY89	FY90	FY91	
Benefits	Premium Collected	\$49,292,000	\$50,861,305	\$68,901,708	\$72,346,793	\$75,964,133	\$79,762,340	\$83,750,457	
	Comp	\$38,034,472	\$43,866,927	\$53,091,639	\$46,413,358	\$43,801,011	\$40,435,856	\$40,894,055	
	Medical	\$14,085,173	\$20,472,171	\$28,587,805	\$24,991,808	\$23,585,160	\$23,748,042	\$25,064,099	
Open Cases as of yr end		6862	8658	9290	9090	8890	8700	8700	

State Compensation Insurance Fund



INSURANCE COMPLIANCE PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	34.00	34.00	41.75	41.75
Personal Services	697,515.12	683,581	883,857	883,395
Operating Expenses	187,986.55	196,077	423,860	414,608
Equipment	39,302.84	59,280	55,000	4,100
Benefits and Claims	1,054,763.82	1,187,678	622,783	598,583
Transfers	557,077.23	190,304	0	0
Total Program Costs	\$2,536,645.56	\$2,316,920	\$1,985,500	\$1,900,686
General Fund	99,977.91	100,791	69,582	64,583
State Special Revenue Fund	2,436,667.65	2,066,129	1,915,918	1,836,103
Federal & Other Spec Rev Fund	0.00	150,000	0	0
Total Funding Costs	\$2,536,645.56	\$2,316,920	\$1,985,500	\$1,900,686
Current Level Services	2,536,645.56	2,316,920	1,985,500	1,900,686
Total Service Costs	\$2,536,645.56	\$2,316,920	\$1,985,500	\$1,900,686

Program Description

The staff of the Insurance Compliance program monitor insurer compliance with the requirement to pay compensation and medical benefits due an injured employee; monitor insurance coverage by all Montana firms and investigate uninsured employers; regulate self-insurance and private insurance carriers; and review and approve all settlements of compensation claims.

Program staff classify all accidents and manage files for all self-insurance and private insurance files. Staff regulate independent contractor exemptions, refer claimants to vocational rehabilitation, and interpret and conduct hearings on disputes under the Workers' Compensation Act.

Program staff administer the Crime Victims' Compensation Act, Silicosis Benefits Program, Social Security Offset Benefits Program, and the Occupational Disease Act.

Issues Addressed/Legislative Intent

The 1987 Legislature approved the transfer of the Crime Victims Program to the Board of Crime Control. An administrative officer 1.0 FTE, related operational costs, benefits and claims and transfers were included in the transfer.

A clerical support position transferred from the Safety Program increased the current level FTE to 35.0 in FY87.

Two additional FTE were included in the budget. They are a claims examiner I to assist with the workload of cases budgeted at \$26,532 in FY88 and \$22,521 in FY89, and an administrative officer II position responsible for managing the self-insurance and insurer solvency programs at a cost in FY88 of \$30,911 and FY89 of \$26,898.

SB315 generally revises the workers' compensation and occupational disease laws and adds 5.75 FTE and state special revenue funding of \$167,805 in FY88 and \$143,258 in FY89. It provides for rehabilitation panel support and impairment panels and regulation of hospital costs.

An addition of \$100,476 for audit fees was approved by the legislature as were the computer operating costs of \$110,298 in FY88 and \$110,998 in FY89. Recommended equipment purchases were approved including four workstations and upgrades, two personal computers and printers in the Claims Management and Policy Compliance Sections. The equipment will aid the division in analyzing caseload, settlements, uninsured claims, Plan I self-insurers, and Plan II private insurers at a cost of \$24,800 in FY88 and \$3,200 in FY89. The replacement of office equipment at a cost of \$900 each year was also approved.

Social Security Offset benefits are paid to those persons affected by a state law in 1974. Previous to 1974, the law allowed insurers to take a 100% offset against permanent total cases where an individual was also receiving social security disability benefits. The act was revised to allow only a 50% offset so the legislature now funds the additional cost of the decision for those affected from July 1, 1973 through March 21, 1974 when the revision was enacted. Benefits total approximately \$69,582 in FY88 and \$64,583 in FY89 from the general fund.

Benefits for Social Security Offset are paid to claimants and surviving spouses and dependents of workers. The following table shows the gradual decline of recipients and benefit amounts.

Table I
Insurance Compliance Bureau
Division of Workers' Compensation
Social Security Offsets - 10 year Projections

Plan I - II — Self-Insurer and Private Carrier

Fiscal Year

Claimant	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
S 1-74-00728	2,587.52	2,587.52	2,587.52	2,587.52	2,587.52	2,587.52	2,587.52	2,587.52	2,587.52	2,587.52
S/D 2-74-05194	5,759.52	5,759.52	5,759.52	5,759.52	5,759.52	5,759.52	5,759.52	5,759.52	5,759.52	5,759.52
D 2-74-01537	5,959.72	5,959.72	5,959.72	5,959.72	5,959.72	5,959.72	2,832.50	0.00	0.00	0.00
D 2-74-09313	2,234.44	2,234.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
D 2-74-08747	3,159.52	3,159.52	3,159.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00
S 2-74-00297	3,226.08	3,226.08	3,226.08	3,226.08	3,226.08	3,226.08	3,226.08	3,226.08	3,226.08	3,226.08
D 2-74-06113	6,812.00	6,812.00	6,812.00	6,812.00	6,812.00	6,812.00	6,812.00	6,812.00	6,812.00	6,812.00
TOTAL:	29,738.80	29,738.80	27,504.36	24,344.84	24,344.84	24,344.84	21,217.62	18,385.12	18,385.12	18,385.12

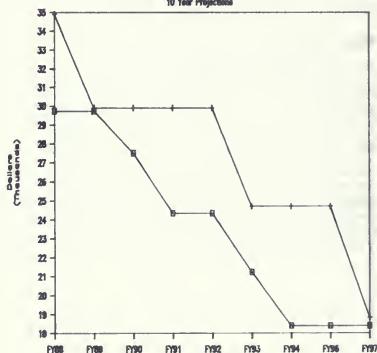
Plan III — State Compensation Insurance Fund

Fiscal Year

Claimant	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
S 3-59-00115	5,001.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
D 3-59-05270	5,880.00	5,880.68	5,880.68	5,880.68	5,880.68	5,880.68	5,880.68	5,880.68	0.00	0.00
S 3-59-02185	4,700.80	4,700.80	4,700.80	4,700.80	4,700.80	4,700.80	4,700.80	4,700.80	4,700.80	4,700.80
S 3-59-04404	3,632.72	3,632.72	3,632.72	3,632.72	3,632.72	3,632.72	3,632.72	3,632.72	3,632.72	3,632.72
D 3-59-00491	5,196.36	5,196.36	5,196.36	5,196.36	5,196.36	0.00	0.00	0.00	0.00	0.00
D 3-59-05201	6,200.48	6,200.48	6,200.48	6,200.48	6,200.48	6,200.48	6,200.48	6,200.48	6,200.48	6,200.48
S 3-59-00859	4,293.12	4,293.12	4,293.12	4,293.12	4,293.12	4,293.12	4,293.12	4,293.12	4,293.12	4,293.12
TOTAL:	34,905.52	29,904.16	29,904.16	29,904.16	29,904.16	24,707.80	24,707.80	24,707.80	18,827.12	18,827.12
COM-										
TOTAL:	64,644.32	59,642.96	57,408.52	54,249.00	54,249.00	49,052.64	45,925.42	43,092.92	37,212.24	37,212.24

Social Security Offsets

10 Year Projections



□ Plan I - II

+ Plan III

Silicosis benefits will continue to be funded from the resource indemnity trust fund (RIT) and the administrative costs of \$11,687 in FY88 and \$11,861 in FY89 that were general fund in the 1987 biennium will also be funded with RIT funds. Claimants receive \$200 and widows \$100 each month. Using the projections in the table below, the total paid out to claimants in FY88 will be \$405,600 and \$391,200 in FY89. The widow amount will be \$147,600 in FY88 and \$142,800 in FY89.

The table below reflects the Silicosis Program activity since 1975 and the projections for 1989 biennium.

Table II
Insurance Compliance Silicosis Program

Fiscal Year	Actual # of Claimants	Projected # of Claimants	Actual # of Widows	Projected # of Widows
1973	311	311		
1974	303	303		
1975	271	271	251	251
1976	271	271	256	256
1977	276	276	260	260
1978	263	263	252	252
1979	256	256	243	243
1980	246	246	221	221
1981	232	232	205	205
1982	219	219	194	194
1983	202	202	181	181
1984	198	198	166	166
1985	185	185	143	143
1986	176	176	129	129
1987	167	167	122	122
1988		169		123
1989		163		119

SAFETY AND HEALTH PROGRAM Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	25.00	26.00	25.00	25.00
Personal Services	639,358.39	644,453	677,982	682,904
Operating Expenses	144,102.30	179,910	186,270	182,837
Equipment	28,306.35	34,967	23,224	24,497
Total Program Costs	\$811,767.04	\$859,330	\$887,476	\$890,238
State Special Revenue Fund	719,538.23	821,488	796,127	798,431
Federal & Other Spec Rev Fund	92,228.81	37,842	91,349	91,807
Total Funding Costs	\$811,767.04	\$859,330	\$887,476	\$890,238
Current Level Services	811,767.04	859,330	887,476	890,238
Total Service Costs	\$811,767.04	\$859,330	\$887,476	\$890,238

Program Description

Safety Program staff conduct safety inspections in all mining and related industries and in public agencies. Loss control safety consultation for Montana employers is provided with emphasis on employers insured with the State Compensation Insurance Fund. This consultation includes identification of workplace hazards, safety training for supervisors and employees, and assistance in establishing and maintaining a safety program.

Safety program staff provide for testing and licensing of crane/hoist/boiler operators and blasters. Boiler inspections are provided and coal mine foremen are safety certified. Miners are provided with safety training relating to their specific industries and jobs.

Issues Addressed/Legislative Intent

The legislature approved the Executive Budget for the Safety Program. A secretarial position 1.0 FTE was transferred to the Administration Program to serve as clerical support to the administrator decreasing the FTE level to 25.00.

Operating expenses reflect increases in contracted services for a meeting each year of the Boiler Advisory Council, insurance increases of \$686 each year and \$3,000 for the reprinting of Montana safety laws and rules.

Additional operating expenses of \$45,609 in FY88 and \$46,518 in FY89 were approved for loss control activities to assist the high hazard firms in providing for a safe workplace and motivating employers to establish on-going

safety programs. Field personnel will be traveling 20-30% more often.

The division vehicle repair and maintenance budget was doubled since cars are not being replaced as often and are accumulating high mileage. The recommended equipment budget allows for the purchase of two vehicles each year totalling \$17,304 in FY88 and \$21,152 in FY89.

Other equipment approved was a word processing/data processing work station and printer to allow clerical staff access to the division system.

Funding includes state special revenue of workers' compensation premiums paid by employers and federal revenue supports mine safety and on-site consultation programs.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	91.23	91.00	96.50	96.50
Personal Services	1,855,351.55	2,009,750	2,272,999	2,279,511
Operating Expenses	1,709,088.98	1,617,478	2,145,774	2,194,987
Equipment	23,181.60	3,898	3,500	0
Capital Outlay	180,225.00	0	0	0
Local Assistance	125,844.00	0	0	0
Grants	1,800,861.07	0	2,000,000	2,000,000
Benefits and Claims	2,280.00	2,280	2,280	2,280
Total Agency Costs	\$5,696,832.20	\$3,633,406	\$6,424,553	\$6,476,778
General Fund	1,952,725.19	1,798,564	1,814,721	1,829,435
Federal & Other Spec Rev Fund	3,744,107.01	1,834,842	4,609,832	4,647,343
Total Funding Costs	\$5,696,832.20	\$3,633,406	\$6,424,553	\$6,476,778
Current Level Services	5,449,071.04	3,633,406	6,424,553	6,476,778
Budget Amended Services	247,761.16	0	0	0
Total Service Costs	\$5,696,832.20	\$3,633,406	\$6,424,553	\$6,476,778

Agency Description

The Department of Military Affairs consists of three functional divisions: The Montana National Guard, Disaster and Emergency Services, and Veterans Affairs. The Department is administered by the Adjutant General and his staff (2-15-1202, MCA).

The Montana National Guard Division exists to provide trained and equipped military organizations for the Governor in the event of a state emergency, and the President in the event of a national emergency. The Guard Division is made up of the Army National Guard and the Air National Guard.

The Adjutant General administers a joint federal-state program to provide for the organization of the Montana Army

and Air National Guard. Military and individual equipment for the troops and units of the Montana Guard are furnished by the U.S. Department of Defense through the National Guard Bureau. Federal control is exercised over the military strength and mobilization missions of the Montana Guard. Federal personnel are employed in both administration and maintenance jobs in armories and maintenance shops.

The Disaster and Emergency Services Division was established in the Department of Military Affairs by section 2-15-1204, MCA.

The Board of Veterans Affairs was established in the Department of Military Affairs by section 2-15-1205, MCA.

ADMINISTRATION PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	4.00	4.00	4.00	4.00
Personal Services	121,920.34	122,775	124,598	124,655
Operating Expenses	49,245.31	38,169	56,830	56,117
Total Program Costs	\$171,165.65	\$160,944	\$181,428	\$180,772
General Fund	163,819.65	153,593	171,327	170,627
Federal & Other Spec Rev Fund	7,346.00	7,351	10,101	10,145
Total Funding Costs	\$171,165.65	\$160,944	\$181,428	\$180,772
Current Level Services	171,165.65	160,944	181,428	180,772
Total Service Costs	\$171,165.65	\$160,944	\$181,428	\$180,772

Program Description

The Administration Program staff provides management and supervision for the Army and Air National Guard pro-

grams, Emergency Support program, and administrative support to the Veterans Affairs Division. They also disburse funds to support the operation of the Departmental headquarters.

This program is the primary financial, personnel and administrative support organization for the Agency, including the Department Director's office, Financial Management and Budgeting, Personnel, communications supervision and other administrative support.

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program.

Federal national guard funds support one half the personal service costs of an accounting technician position. The balance of the budget is funded with general fund.

The operating expenses increase by \$7,583 in FY88 and \$6,870 in FY89 as compared to FY86 actual expenditures. The increase is due to anticipated utility rate increases and \$3,739 audit costs in FY88.

ARMY NATIONAL GUARD PGM Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	15.01	15.00	16.00	16.00
Personal Services	290,327.50	292,048	333,218	333,876
Operating Expenses	1,075,839.42	978,165	1,395,900	1,427,346
Equipment	901.77	3,000	0	0
Capital Outlay	155,225.00	0	0	0
Benefits and Claims	2,280.00	2,280	2,280	2,280
Total Program Costs	\$1,524,573.69	\$1,275,493	\$1,731,398	\$1,763,502
General Fund	836,124.39	873,332	848,274	868,498
Federal & Other Spec Rev Fund	688,449.30	402,161	883,124	895,004
Total Funding Costs	\$1,524,573.69	\$1,275,493	\$1,731,398	\$1,763,502
Current Level Services	1,276,812.53	1,275,493	1,731,398	1,763,502
Budget Amended Services	247,761.16	0	0	0
Total Service Costs	\$1,524,573.69	\$1,275,493	\$1,731,398	\$1,763,502

Program Description

The Army National Guard Program fulfills two main responsibilities. As directed by the Governor, the Guard mobilizes in cases of disaster and emergency in the state. In national emergencies, the guard mobilizes at the call of the President to defend the national security. In both instances, the guard provides trained personnel and necessary equipment to perform required tasks. The program staff are responsible for coordinating, planning, and implementing training for the guard.

The Army Guard is comprised of 36 units located in 27 armories throughout the state. In addition, there are seven equipment maintenance shops in the state. The major unit of the Army Guard is the 163rd Armored Cavalry Regiment.

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program.

A 1.0 FTE security guard position was eliminated as part of the June 1986 Special Session reductions.

A 1.0 FTE designer position was approved. This position will coordinate and supervise minor construction and repair projects for the Townsend guard training site and Fort Harrison. The position will be supported with federal national guard funds \$22,065 in FY88 and \$22,105 in FY89.

A 1.0 FTE community organization worker to provide services to families of National Guard members statewide was approved. \$30,744 FY88 and \$30,707 FY89 in federal funds will support the position.

The legislature approved appropriation authority of \$96,100 for each year of the biennium. \$59,500 for communication costs and \$36,600 for buildings and grounds maintenance of specific Army Guard facilities. These costs are associated with reimbursement agreements with the federal government for telephone services, operating and maintenance costs provided for federal employees located at various National Guard buildings. Maintenance funds are for non-Army buildings only. The costs will be 100% federally funded.

Training site support - \$300,000 annually of federal funds. To support the training sites at Fort Harrison, Waco and Townsend. Previously this was paid directly by the federal government, now it will be on a reimbursement basis.

The original budget request reflected a funding split of 66% general fund and 34% National Guard, U.S. Department of Defense funds. With the approval of 2.0 additional FTE, the training site support project, and federal reimbursement for communication and maintenance costs; the funding split for this program is 49% general fund and 51% federal. The percentage of general fund supporting this program has declined since FY81 and FY82 when it was 72% of the total actual expenditures. Table 1 shows the comparison of general fund vs. federal funds FY81 actual expenditures through FY86 and budgeted figures for FY87 through FY89.

Table 1
Military Affairs - Army Guard
Funding Comparison

	Actual		FY83	FY84	FY85	FY86	Budget		FY89
	FY81	FY82					FY87	FY88	
Dollars:									
General Fund	\$430,330	\$543,964	\$626,833	\$980,886	\$986,538	\$836,124	\$852,871	\$848,274	\$868,498
Federal Funds	168,675	214,348	339,489	412,673	442,592	688,449	774,689	883,124	895,004
Total	\$599,005	\$758,312	\$966,322	\$1,393,559	\$1,429,130	\$1,524,573	\$1,627,560	\$1,731,398	\$1,763,502
Percentage:									
General Fund	72%	72%	65%	70%	69%	55%	52%	49%	49%
Federal Funds	28%	28%	35%	30%	31%	45%	48%	51%	51%

**AIR NATIONAL GUARD PGM
Budget Detail Summary**

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	31.00	31.00	37.00	37.00
Personal Services	478,299.86	612,962	840,441	846,355
Operating Expenses	383,842.90	389,509	451,958	483,993
Total Program Costs	\$862,142.76	\$1,002,471	\$1,292,399	\$1,330,348
General Fund	105,931.36	105,073	119,185	125,671
Federal & Other Spec Rev Fund	756,211.40	897,398	1,173,214	1,204,677
Total Funding Costs	\$862,142.76	\$1,002,471	\$1,292,399	\$1,330,348
Current Level Services	862,142.76	1,002,471	1,292,399	1,330,348
Total Service Costs	\$862,142.76	\$1,002,471	\$1,292,399	\$1,330,348

Program Description

The Air National Guard Program staff provide clerical, facilities' maintenance, and fire protection support to the Air National Guard Base at Great Falls. It also disburses funds to support the Air National Guard Headquarters.

The major unit of the Air Guard is the 120th Fighter Interceptor Group located in Great Falls.

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program.

During the 1985 Legislative Session, 11 additional FTE security guard positions were approved increasing the total FTE level of this program from 20 to 31. The agency felt in-house staff would be needed for security reasons. Later it was decided that was not the case and the security contract already in place was continued (paid directly by U.S. Department of Defense). The 11 additional FTE were then deleted bringing the total level back to 20.0. 17.0 FTE firefighter positions were added during the 1987 Legislative Session resulting in the 37.0 FTE level for FY88 and FY89.

The Air Guard is converting from F-106 fighter planes to F-16 fighters. The conversion will result in substantial

changes in the operations and maintenance of the facilities at Great Falls' Gore Hill. And the additional 17 FTE firefighters positions are needed to meet Air Force Standards for Crash/Fire Rescue. The positions are 100% federally funded - \$368,995 in FY88 and \$371,443 in FY89.

As part of the F-16 fighter plane conversion several new buildings are being constructed, plus specialized facilities on the runway. Support of utility, repair and maintenance costs of these new facilities are 80% federal and 20% state/general fund. Costs are budgeted at \$44,178 for FY88 and \$46,027 for FY89. General fund \$8,836 FY88 and \$9,205 FY89.

The budget is primarily funded with federal national guard funds. General fund supports 20% of the personal service costs of the 6.0 FTE non-firefighter positions, 100% of travel and other expense cost categories, and 20% of the remaining operating expenses.

The program's total funding has increased by approximately 44% from FY82 to FY89, yet the amount of general fund has remained relatively constant. General fund for the FY88 and FY89 budgets are below the FY85 level even with the new facilities at Gore Field. Table 2 compares the funding levels of the Air Guard Program from FY82 through FY89.

Table 2
Military Affairs - Air Guard
Funding Comparison

	FY82	FY83	FY84	FY85	FY86	FY87	FY88	FY89
Dollars:								
General Fund	\$106,257	\$94,402	\$103,307	\$137,114	\$105,931	\$104,210	\$119,185	\$125,671
Federal Funds	482,705	557,720	638,277	728,489	756,212	1,049,477	1,173,214	1,204,677
Total	<u>\$588,962</u>	<u>\$652,122</u>	<u>\$741,584</u>	<u>\$865,603</u>	<u>\$862,143</u>	<u>\$1,153,687</u>	<u>\$1,292,399</u>	<u>\$1,330,348</u>
Percentages:								
General Fund	18%	14%	14%	16%	12%	9%	9%	9%
Federal Funds	82%	86%	86%	84%	88%	91%	91%	91%

DISASTER COORDINATION RESPONSE
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	14.00	14.00	13.00	13.00
Personal Services	370,033.09	374,033	371,353	371,243
Operating Expenses	89,247.10	95,952	93,670	87,141
Equipment	14,948.22	898	0	0
Total Program Costs	<u>\$474,228.41</u>	<u>\$470,883</u>	<u>\$465,023</u>	<u>\$458,384</u>
General Fund	221,347.25	215,041	222,320	219,001
Federal & Other Spec Rev Fund	252,881.16	255,842	242,703	239,383
Total Funding Costs	<u>\$474,228.41</u>	<u>\$470,883</u>	<u>\$465,023</u>	<u>\$458,384</u>
Current Level Services	474,228.41	470,883	465,023	458,384
Total Service Costs	<u>\$474,228.41</u>	<u>\$470,883</u>	<u>\$465,023</u>	<u>\$458,384</u>

Program Description

The Disaster Coordination and Response Program staff prepare, update, coordinate, and test all state emergency preparedness, response and recovery plans. Each county is responsible for its own preparedness and response plans and each has a county coordinator (full-time or part-time). The division, working through four district representatives, provides coordination and operational, technical, administrative and training support for each county. Every county has an emergency plan approved by its respective county government.

Operating 24 hours a day, 7-days a week, program staff coordinate and administer all state and federal response and recovery actions to any disaster beyond local governments' response and recovery capabilities.

The program staff also administer all federal money that is passed through to eligible political subdivisions. Counties are eligible for 50% reimbursement on costs related to civil defense.

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program.

A training officer position was eliminated because of the June 1986 Special Session reductions.

The program is funded on a 50/50 split - federal disaster and emergency service funds and general fund - except for \$20,383 in FY88 and \$20,382 in FY89 of 100% federally funded travel. The travel allows staff to participate in essential federal sponsored training.

EMERGENCY MGMT DEVELOPMENT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	8.50	8.50	8.50	8.50
Personal Services	191,671.68	211,906	211,177	211,136
Operating Expenses	43,265.00	60,184	59,513	56,998
Equipment	3,421.40	0	0	0
Total Program Costs	\$238,358.08	\$272,090	\$270,690	\$268,134
Federal & Other Spec Rev Fund	238,358.08	272,090	270,690	268,134
Total Funding Costs	\$238,358.08	\$272,090	\$270,690	\$268,134
Current Level Services	238,358.08	272,090	270,690	268,134
Total Service Costs	\$238,358.08	\$272,090	\$270,690	\$268,134

Program Description

The Emergency Management Development Program supplements the Disaster Coordination and Response Program in the preparation and updating of Local and State Emergency Preparedness Plans. These efforts are federally funded for war caused incidents, but under current guidance can include planning for all hazards as long as it does not distract from the war caused planning. In addition to the planning preparedness, technical support is given for in-place sheltering, exercise designing and conducting radiological defense and radiological monitoring.

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program.

Operating expenses increased by \$16,247 in FY88 and \$13,732 in FY89. Travel increased each year by \$11,273, insurance and bonds by \$2,570, and the audit fee increased by \$1,857. The total audit fee of \$2,320 was included in FY88.

The program is 100% federally funded.

LOCAL REIMBURSEMENT-DES Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Grants	1,800,861.07	0	2,000,000	2,000,000
Total Program Costs	\$1,800,861.07	\$0	\$2,000,000	\$2,000,000
Federal & Other Spec Rev Fund	1,800,861.07	0	2,000,000	2,000,000
Total Funding Costs	\$1,800,861.07	\$0	\$2,000,000	\$2,000,000
Current Level Services	1,800,861.07	0	2,000,000	2,000,000
Total Service Costs	\$1,800,861.07	\$0	\$2,000,000	\$2,000,000

Program Description

The Local Civil Defense Reimbursement Program is used to receive, record and disburse federal funds to other eligible political subdivisions. Federal programs include, but are not limited to, Emergency Management Assistance, Emergency Operation Center Construction and Furnishing, Communication and Warning Equipment, Supporting Materials and

Disaster Recovery. All programs except Disaster Recovery are matched by receiving political subdivision.

Issues Addressed/Legislative Intent

This program had a statutory appropriation for the 1987 biennium. FY86 reflects actual disbursements to local political subdivisions. Although no appropriation is required, expenditures do appear on SBAS.

ADJUTANT GENERAL

VETERANS AFFAIRS PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	18.50	18.50	18.00	18.00
Personal Services	398,714.22	396,026	392,212	392,246
Operating Expenses	67,414.65	55,499	87,903	83,392
Equipment	3,910.21	0	3,500	0
Total Program Costs	\$470,039.08	\$451,525	\$483,615	\$475,638
General Fund	470,039.08	451,525	453,615	445,638
Federal & Other Spec Rev Fund	0.00	0	30,000	30,000
Total Funding Costs	\$470,039.08	\$451,525	\$483,615	\$475,638
Current Level Services	470,039.08	451,525	483,615	475,638
Total Service Costs	\$470,039.08	\$451,525	\$483,615	\$475,638

Program Description

The staff of the Veterans Affairs Division are charged with the responsibility of assisting all veterans, their dependents and beneficiaries who may be entitled to veteran benefits. The Division is provided for in section 2-15-1205, MCA. Administers Veterans' Cemetery located at Fort Harrison.

The program reflects a net reduction of a .5 FTE. A .5 FTE word processing position was increased to a 1.0 FTE and a 1.0 FTE administrative assistance position was eliminated as part of the June 1986 Special Session reductions.

HB2 establishes authority for the receipt of Veteran's Administration plot allowances of \$150 per veteran burial at the new Veteran's Cemetery. The federal funds would be expended through contracted services to open and close graves. Appropriations authority of \$30,000 annually was approved.

Issues Addressed/Legislative Intent

Vacancy savings of 4% was set for this program.

VETERAN'S CEMETERY Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Capital Outlay	25,000.00	0	0	0
Total Program Costs	\$25,000.00	\$0	\$0	\$0
General Fund	25,000.00	0	0	0
Total Funding Costs	\$25,000.00	\$0	\$0	\$0
Current Level Services	25,000.00	0	0	0
Total Service Costs	\$25,000.00	\$0	\$0	\$0

Program Description

The Veterans' Cemetery program was established by the passage of HB513 in the 49th Legislature. The operating

budget for the 1989 biennium is shown in the Veterans Affairs Program.

DISASTER FUND Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	.22	.00	.00	.00
Personal Services	4,384.86	0	0	0
Operating Expenses	234.60	0	0	0
Local Assistance	125,844.00	0	0	0
Total Program Costs	\$130,463.46	\$0	\$0	\$0
General Fund	130,463.46	0	0	0
Total Funding Costs	\$130,463.46	\$0	\$0	\$0
Current Level Services	130,463.46	0	0	0
Total Service Costs	\$130,463.46	\$0	\$0	\$0

Program Description

10-3-311 and 10-3-312, M.C.A. allows for expenditures of up to \$1,000,000 from the general fund for emergencies and declared disasters.

Issues Addressed/Legislative Intent

This program has a biennial statutory appropriation of \$1,000,000. FY86 shows actual expenditures for the spring flood in the north-central part of the state. Additional expenditures have occurred in FY87 due to the Milk River flood and grasshopper infestation.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	1,112.20	1,115.32	757.57	755.08
Personal Services	24,526,083.07	24,812,753	17,972,215	17,914,023
Operating Expenses	10,246,501.20	9,174,353	12,538,017	10,642,716
Equipment	241,696.13	49,354	575,600	480,104
Grants	0.00	7,170,088	0	0
Benefits and Claims	197,000,938.58	193,805,171	241,227,191	256,641,546
Total Agency Costs	\$232,015,218.98	\$235,011,719	\$272,313,023	\$285,678,389
General Fund	72,882,336.13	72,469,930	75,352,577	76,357,452
State Special Revenue Fund	7,779,510.37	7,956,887	8,216,515	8,545,383
Federal & Other Spec Rev Fund	151,353,372.48	154,584,902	188,743,931	200,775,554
Total Funding Costs	\$232,015,218.98	\$235,011,719	\$272,313,023	\$285,678,389
Current Level Services	231,645,162.32	235,011,719	272,313,023	285,678,389
Budget Amended Services	370,056.66	0	0	0
Total Service Costs	\$232,015,218.98	\$235,011,719	\$272,313,023	\$285,678,389

Agency Description

The Department of Social and Rehabilitation Services (SRS) is a multi-function human services agency designed to provide assistance to state citizens in need. The department's services range from public assistance — including food stamps and medical assistance for the needy — to the care and training of the developmentally disabled and the physically handicapped. The primary concern is to encourage people to become self-sufficient and to assist those who cannot do so.

The department staff provide services to children and adults who are in danger of abuse or exploitation. They help blind and partially blind persons become gainfully employed; help senior citizens prepare for retirement; and provide rehabilitation services to promote the restoration of handicapped Montanans to their fullest physical, mental, vocational and social abilities. Statutory authority for SRS is provided for in section 2-15-22, MCA and Title 53, MCA.

The department staff also administer the Social Services, Community Services and the Low Income Energy Assistance Block Grants.

Issues Addressed/Legislative Intent

The appropriation for the Department of Social and Rehabilitation Services is about \$54 million higher for the 1989 biennium than actual and expected expenditures in the 1987 biennium due to caseload increases in entitlement programs and to provider rate increases granted by the legislature that were not included in the executive budget request. The budget increases overshadow cost reductions from the limitations adopted by the legislature in the amount and scope of benefits offered in the Medicaid program and by the trans-

fer of the Community Services Division to the new Department of Family Services.

The Governor proposed creation of a new department to coordinate youth and family services. The legislature adopted HB 325 establishing the Department of Family Services. The Community Services Division was transferred to the new department along with 9.5 FTE and operating costs from the Administrative and Support Services, and the Audit and Program Compliance programs. The total number of positions transferred from SRS is 350.62 FTE. Program functions transferred to the new department include foster care, home health, child abuse, domestic violence, Big Brothers and Big Sisters, subsidized adoption, Supplemental Security Income and aging services.

The executive budget recommendation deleted 15.8 FTE in conjunction with the creation of the Department of Family Services. However, the legislature reinstated the positions, which accounts for an increase of about \$400,000 in personal services costs above the executive recommendation. The legislature also adopted the LFA calculation of vacancy savings which is lower than that estimated by the executive because the LFA does not apply vacancy savings to longevity benefits while the executive does. All programs in SRS received vacancy savings of 4% except the Eligibility Determination program which received 5%.

The legislature raised reimbursement rates for some service providers in the Medicaid program and in the Developmental Disabilities Division. The executive budget had recommended a freeze of all such rates paid by state agencies. Table 1 shows the cost and funding of provider rate increases adopted by the legislature. About \$1.8 million in general fund is required to fund these increases over the 1989 biennium.

Table 1
Cost and Funding of Provider Rate Increases
1989 Biennium

Item	FY88	FY89	Biennium Total
Nursing Home 2% Increase	\$936,000	\$1,885,000	\$2,821,000
Developmental Disabilities Provider Increase	281,801	636,316	918,117
Physician Reimbursement 1.5% Increase	178,138	390,008	568,146
Total Cost	<u>\$1,395,939</u>	<u>\$2,911,324</u>	<u>\$4,307,263</u>
General Fund	\$586,339	\$1,203,395	\$1,789,734
Federal Funds	809,600	1,707,929	2,517,529
Total Funds	<u>\$1,395,939</u>	<u>\$2,911,324</u>	<u>\$4,307,263</u>

The cost of the rate hikes is almost offset by the cost of Medicaid benefit limitations adopted by the legislature. The general fund cost for Medicaid is estimated to be about \$1.4 million less over the biennium as a result of benefit reductions (see Table 2). The largest of the cuts is attributable to

elimination of payment for eyeglasses, dentures and hearing aids which accounts for approximately two thirds of the estimated reduction in general fund expense (see Medical Assistance program for an expanded discussion on benefit limitations).

Table 2
Estimated Cost Reductions of Medical Benefit Limitations
1989 Biennium

Item	Reduction in Funds Over the Biennium	Reduction in General Fund
Eliminate Payment for Glasses, Dentures and Hearing Aids	\$3,148,238	\$948,680
Limit Nonemergency Visits to Emergency Rooms - Two per Year	860,388	258,567
Increase Copayment for Prescriptions	344,774	103,639
Require Prescreening for Hospital Admission*	380,000	118,142
Total Reduction	<u>\$4,733,400</u>	<u>\$1,429,028</u>

* The savings from a preadmission screen for hospital admissions would occur in FY88 only.

The legislature also approved a FY87 supplemental appropriation of about \$37 million for the department, almost all of which was caused by caseload growth in entitlement programs. Table 3 shows the amount and funding of the supplemental appropriations for benefits. Although SRS received some supplemental funding for administrative costs in FY87, it constituted only a minor amount of the total supplemental appropriation for FY87.

Medicaid-primary care accounted for almost half of the general fund supplemental shown in Table 3. Total medical

assistance, including Medicaid, state medical and youth treatment costs, comprise nearly two thirds of the total general fund supplemental. All 100% state-funded assistance programs—general assistance (GA), nonresident GA, and state medical assistance—required about \$5.6 million in additional funds or about 36% of the total general fund supplemental. Together the economic assistance benefits—Aid to Families with Dependent Children (AFDC), GA, and AFDC day care—accounted for about \$5.3 million of the general fund supplemental appropriation or about one-third of the total general fund cost.

Table 3
General Fund Cost of Supplemental Appropriations for SRS
FY87

Benefit	General Fund	Total Funds*
Aid to Families with Dependent Children	\$2,378,109	\$8,489,866
AFDC Day Care	48,203	142,766
General Assistance	2,905,006	2,905,006
Nonresident GA	150,000	150,000
State Medical	2,547,951	2,547,951
Medicaid Youth Treatment Center	488,400	1,500,000
Medicaid Primary Care	7,045,153	20,743,685
12-Mill Levy Deficiency	218,958	218,958
Total	<u>\$15,741,780</u>	<u>\$36,698,232</u>

*Total funds include general fund, federal funds, and a small amount of county funds in the AFDC appropriation.

The growth in the agency appropriation results primarily from the increase in benefit costs in the Assistance Payments and Medical Assistance programs. Table 4 compares the amount appropriated in FY87 and the 1989 biennium for the major benefits driven by caseloads.

The total appropriation for the major entitlement programs increases 17.88% between FY87 and FY89; however, the amount of general fund increases only 2.05%. General fund costs do not show a parallel growth because the federal participation rate is expected to increase and the GA costs (100% general fund) are estimated to decrease between FY87 and FY89. Federal funds account for a much larger proportion of the total cost over the biennium as the federal participation rate in AFDC and Medicaid is projected to increase from 67.18% in FY87 to 68.91% in FY88 to

70.92% in FY89. The federal matching rate is determined by a formula based on the per capita income of a state in relation to the per capita income of all states in the nation. If per capita income in Montana grows at a faster pace than per capita income in other states, the federal matching rate could fall causing the general fund cost of entitlement benefits to increase.

The state special revenue funding shown in Table 4 is the property tax income that is transferred to the state from the 12 counties that have opted for state assumption of local human services programs. That revenue is a direct offset to general fund. In FY87, the property tax income was less than estimated necessitating a general fund supplemental appropriation of \$218,952.

Table 4
Funding of Entitlement Program Benefits
FY87 Compared to 1989 Biennium

Benefit and Funding	FY87	FY88	FY89
Aid to Families with Dependent Children	\$37,150,944	\$38,447,768	\$42,501,399
General Assistance	6,162,488	3,932,568	3,447,576
Nonresident GA	180,000	180,000	180,000
Medicaid	135,325,394	150,694,799	165,230,267
State Medical	5,574,165	6,000,000	6,000,000
Total Cost	<u>\$184,392,991</u>	<u>\$199,255,138</u>	<u>\$217,359,242</u>
General Fund	\$60,824,296	\$61,047,270	\$62,070,001
State Special Revenue	7,174,263	7,168,000	7,349,000
County Funds	743,019	706,113	730,819
Federal Funds	115,651,413	130,333,752	147,209,422
Total Funds	<u>\$184,392,991</u>	<u>\$199,255,135</u>	<u>\$217,359,242</u>
Percent Change Over Previous Year		8.06	9.09

Over the past two bienniums, caseload growth has been higher than the forecast adopted by the legislature. Part of the problem is that is difficult to predict what will happen

in two years; short-term forecasts for the coming six months are much more likely to be accurate. Another factor contributing to inaccurate caseload estimates is that economic con-

ditions over the past four years in the state of Montana were not correctly predicted. Just as state revenue estimates did not anticipate the impact of the sluggish economy neither did the SRS caseload projections.

Caseloads are an important factor in determining the appropriation for entitlement benefits. Table 5 shows the actual FY86 caseload for selected benefits compared to that estimated for FY87 through FY89. The average cost per case for AFDC and GA is the cost estimated to be paid by the department and not the appropriated payment level. The average cost shown for Medicaid primary care is the cost used to calculate the appropriation.

The legislature based the GA and AFDC appropriations on a payment level that is lower than that established for GA

benefits in statute (section 53-3-205, MCA). The legislature did not amend the statutory payment matrix, therefore the department cannot lower GA payment levels to match the appropriated payment amount. AFDC payment amounts will not be decreased to the appropriated level either. If AFDC grants are less than comparable GA benefits, AFDC recipients might apply for the difference between the two grants. The differential would be paid entirely from general fund, causing a higher expenditure of state funds than if AFDC grants are left at a level commensurate with GA grants. The department testified that the appropriation for GA and AFDC benefits is \$2,479,818 less than estimated biennial expenditures because the statute setting the maximum GA payment level was not amended (see Assistance Payments program for more detail).

Table 5
Comparison of the Estimated Average
Monthly Caseload and
Cost per Case for Major Entitlement Programs
1987 and 1989 Bienniums

<u>Benefit</u>	<u>FY86 Actual</u>	<u>FY88 Estimated</u>	<u>FY89 Estimated</u>
AFDC Average Caseload	8,675	10,305	11,092
Average Cost	\$325	\$335	\$335
GA Average Caseload	1,931	1,698	1,451
Average Cost	\$198	\$212	\$212
Medicaid Primary Care			
Average Caseload	20,111	23,061	24,509
Average Cost	\$227	\$299	\$325

The average monthly caseload for AFDC is estimated to grow at an annual rate of 8.5% from FY86 to FY89 with a total increase of 28% over that time period. The Medicaid primary care monthly caseload is projected to grow 6.8% per year from FY86 to FY89, with an absolute increase of 22%. The GA caseload estimate declines at an annual rate of 10% and is based on the assumption that the state will win the current lawsuit challenging the constitutionality of HB 33 passed by the June 1986 Special Session. The bill limits GA payments to able-bodied individuals to two months in any 12-month period. The GA appropriation will be \$3 to \$4 million short if the state loses the case (see Assistance Payments program).

Language in HB 2 requires all departments that have appropriations for grants or contracts for services to individuals to develop written plans to coordinate with other agencies providing similar services. The plans are to be prepared with an emphasis on reducing the amount of grant or contract used for administrative costs and on maximizing the amount available for services. The plans are to be completed January 1, 1988 and submitted to the Legislative Finance Committee. SRS is directed specifically to develop such a plan.

Other Appropriation Bills

The legislature passed several bills that will impact SRS. Although none of the bills has an appropriation, some could change the benefit programs in SRS.

HJR 53 directs that an interim study of welfare, Medicaid and GA be undertaken. The resolution directs that existing eligibility and benefits criteria be analyzed and that alternate methods of controlling costs of services be evaluated.

The study should address welfare and work programs in other states. A report and recommendations are to be made to the 51st Legislature.

HB 637 proposes an amendment to Article XII, Section 3 of the Montana Constitution to allow the legislature greater discretion in providing economic assistance and social and rehabilitation services. The amendment will be placed on the general election ballot in the fall of 1988 and will become effective January 1, 1989 if passed.

HB 225 removes the director of SRS from the Board of Social and Rehabilitation Appeals. The number of board members remains at three; however, the composition of the board is changed so that no SRS employee may be a member.

HB 489 creates a statutory appropriation for funds donated to SRS for its medical assistance program. The bill directs that such donations be matched with federal funds whenever possible.

SB 281 refines the duties of the department with respect to local county human services offices. SRS is given clear authority to dismiss directors in counties that have become state assumed. The bill also amends statutes to require the department to give counties the most current percentage for local financial participation in programs no later than May 10.

HB 621 established a low-income telephone assistance program that will be administered by the Public Service Commission. Although SRS has no statutory program responsibilities, the program will impact many of the same people who receive services and benefits from the department.

ASSISTANCE PAYMENT PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	46.37	47.50	49.75	49.75
Personal Services	1,182,926.57	1,268,435	1,411,996	1,412,763
Operating Expenses	1,694,633.08	1,803,675	5,211,699	2,742,199
Equipment	32,771.11	6,000	501,363	423,847
Benefits and Claims	52,172,598.23	50,157,659	59,714,157	60,340,528
Total Program Costs	\$55,082,928.99	\$53,235,769	\$66,839,215	\$64,919,337
General Fund	16,591,309.58	14,125,618	16,941,601	16,477,684
Federal & Other Spec Rev Fund	38,491,619.41	39,110,151	49,897,614	48,441,653
Total Funding Costs	\$55,082,928.99	\$53,235,769	\$66,839,215	\$64,919,337
Current Level Services	55,077,928.99	53,235,769	66,839,215	64,919,337
Budget Amended Services	5,000.00	0	0	0
Total Service Costs	\$55,082,928.99	\$53,235,769	\$66,839,215	\$64,919,337

Program Description

The staff of the Assistance Payments program provide aid to eligible households to enable them to meet day-to-day needs. The types of assistance provided include:

Aid to Families with Dependent Children (AFDC) - provides financial and medical assistance to needy families with children;

General Assistance (GA) - provides financial assistance to needy individuals, childless couples, and families with children who do not qualify for AFDC.

Food Stamps - increases the food purchasing power of eligible low-income families based on household size and income;

Food Distribution - provides for the distribution of surplus food commodities;

Community Service Block Grant - distributes funds to counties for social services;

Low-Income Energy Assistance Block Grant (LIEAP) - assists income-eligible citizens in off-setting some winter heating costs; and

Weatherization program - weatherizes houses of low-income households.

The Assistance Payments program receives its statutory authority from Title 53, chapter 2; Title 53, chapter 3; Title 53, chapter 4, part 2; and sections 53-4-101, and 53-6-133, MCA.

Issues Addressed/Legislative Intent

The 1987 Legislature appropriated approximately \$11.8 million or 21% more for FY88 than actual FY86 expenditures of the Assistance Payment program. The two major factors causing the increase are the caseload growth in AFDC and funding for the Family Assistance Management Information System (FAMIS).

Budgeted FTE increase by a net of 2.25 positions from 47.5 in FY87 to 49.75 in FY89. Three new FTE are authorized for implementation of FAMIS and 1.0 FTE is authorized for the commodity distribution program. A series of FTE transfers resulted in a reduction of 1.75 FTE in the Assistance Payment program. The transfers included 3.0 FTE moved to medical assistance and 1.25 FTE added from Community Services (.25 FTE) and Administration and Support Services (1.0 FTE).

The issues considered by the legislature in the operating portion of the budget were FAMIS, the Temporary Emergency Food Assistance program (TEFAP) or food commodities distribution, and authority for contracted services payments to the new Department of Family Services. Table 1 shows the expenditures and funding for the development and installation of the on line, automated system in all county offices. FAMIS will enable eligibility technicians to process applications for economic and medical assistance on computers in local human services offices and such factors as employment history and receipt of duplicate public assistance can be verified using on line inquiry to the state main frame computer. The appropriation provides for 3.0 new FTE in the state office to oversee installation of the system, for purchase of personal computers and related equipment, and for training in use of the system. A significant part of the FAMIS appropriation will pay for a contractor to modify and transfer an existing FAMIS system from another state.

The general fund appropriation for FAMIS is based on the respective match for each assistance program that will utilize the system in eligibility determination. The cost of installing FAMIS attributable to the AFDC program requires a 10 percent state match while costs attributable to the Food Stamp and Medicaid programs require a 25 percent state match. The portion of automation costs attributable to the G/A program is 100% state funded. After allocating all costs and applying the appropriate funding split, the state share of the system is about 14.6% in FY88 and 14.4% in FY89.

Table 1
Cost and Appropriation for Implementing FAMIS
1989 Biennium

Item	FY88	FY89
Personal Services	\$81,592	\$81,446
Operating Expenses	2,865,976	402,225
Equipment	414,451	422,380
Total Cost	<u>\$3,362,019</u>	<u>\$906,051</u>
General Fund	490,518	130,006
Federal Funds	2,871,501	776,045
Total Funds	<u>\$3,362,019</u>	<u>\$906,051</u>

Testimony presented by the department indicated that installation of the system should allow more prompt payment to Medicaid providers and reduce paperwork in the state office. Although utilization of FAMIS will not alleviate future need for more eligibility technicians in local offices, it will slow the requirement for additional staff and should reduce the number of errors made in determining eligibility for all economic and medical assistance programs.

The legislature moved the TEFAP program from the benefit to the operating portion of the budget. An increase of

\$109,877 in FY 88 and \$24,851 in FY89 in federal authority was budgeted to purchase a new semi-tractor/trailer, hire a driver and pay operating costs as the amount of commodities available for distribution will increase.

Federal authority of \$455,000 each year of the biennium was added to the operating budget so that the department can contract with the new Department of Family Services for federally-funded refugee programs and Title IV-A day care for children whose parents are in training. This authority does not represent an expansion in services or programs but is necessary so that functions performed by Community Services Division when it was within SRS can continue to be funded. SRS is the single agency designated by the federal government to receive the above mentioned funds.

Most operating expenses for the program were budgeted at the FY86 actual expenditure level. A small amount is included for minor office equipment—\$1,912 in FY88 and \$1,467 in FY89.

Table 2 shows the actual and estimated expenditures for economic assistance benefits for the 1987 biennium compared to the appropriation for such benefits for the 1989 biennium. The amount budgeted for the 1989 biennium is \$14 million or 14% greater than for the 1987 biennium. Total general fund declines from FY88 to FY89 because federal participation in AFDC is estimated to increase and the GA caseloads are forecast to decline as the state expects to win the lawsuit challenging the constitutionality of HB 33 passed by the June 1986 Special Session.

DEPT SOCIAL & REHAB SERVICES

Table 2
Actual Expenditures, Estimated Expenditures and Appropriations
for Benefits in Economic Assistance
1987 and 1989 Bienniums

Benefit*	Actual FY86	Appropriated FY88	Appropriated FY89
AFDC	\$33,786,382	\$37,760,074	\$41,761,073
General Assistance	4,586,618	3,932,568	3,447,576
LIEAP	9,728,666	9,769,268	9,769,268
Weatherization	1,705,905	1,854,924	1,929,121
Community Services Block Grant	1,207,820	1,309,485	1,361,864
Nonresident General Medical Assistance		150,000	150,000
Legal Services	99,999	100,000	100,000
General Assistance Burials		92,000	92,000
Nonresident General Assistance	29,999	30,000	30,000
Other Benefits**	1,027,210	1,415,838	1,599,626
Total Costs	<u>\$52,172,599</u>	<u>\$56,414,157</u>	<u>\$60,240,528</u>
General Fund	\$15,757,758	\$15,551,866	\$15,448,238
County Funds	701,044	706,113	730,819
Federal Funds	<u>35,713,797</u>	<u>40,156,178</u>	<u>44,061,471</u>
Total Funding	<u>\$52,172,599</u>	<u>\$56,414,157</u>	<u>\$60,240,528</u>

* General fund supports 100% of general assistance and general assistance burial costs, legal services costs, and nonresident medical and general assistance, and part of the cost of AFDC and AFDC day care. County funds pay a portion of the AFDC costs. The remaining benefits listed are federally funded and about 67% of AFDC and AFDC day care costs are federally funded.

** Other benefits include AFDC day care, training, food stamp job search, solar bank, commodities distribution and food stamp issuance. Other benefits does not include the cost of the commodities distribution program in the 1989 biennium, but the appropriation for other benefits is higher due to increases in AFDC day care and food stamp job search training.

AFDC accounts for over 60% of the cost of economic assistance benefits. Caseload increases account for the growth in AFDC costs (see Table 3), with an expected 24% increase in total cost between FY86 and FY89.

The federal government pays a percentage of AFDC costs based on the per capita income of a state. Federal participation in the program is estimated to increase from 67.44% in FY87 to 69.4% in FY88 and 71.42% in FY89. However, if per capita income in Montana rises significantly in comparison to the rest of the states in the nation over the biennium,

the federal matching rate could be lower than estimated causing state costs for AFDC to increase.

AFDC caseload is comprised of two elements—regular and unemployed parent. The regular caseload refers to a single parent who meets all eligibility criteria. Unemployed parent caseload refers to households with dependent children where both parents are present and where household resources are within eligibility guidelines. The 1985 Legislature extended AFDC coverage to unemployed parents, shifting some families previously on general assistance (100% general fund) to AFDC (about 30% general fund).

Table 3
Actual and Appropriated Payment and Caseloads for AFDC
FY86 and 1989 Biennium

Item	Actual FY86	Appropriated FY88	Appropriated FY89
Total Average Annual Caseload	8,675	10,305	11,092
Regular*	38,052	8,052	10,038
Unemployed Parent	623	979	1,054
Appropriated Average Payment			
Regular	\$317.83	\$296.68	\$303.92
Unemployed Parent	411.50	387.95	407.35
Total Appropriation	<u>\$33,786,382</u>	<u>\$37,760,074</u>	<u>\$41,761,073</u>
Regular	30,709,997	33,202,460	36,608,967
Unemployed Parent	3,076,385	4,557,614	5,152,106
General Fund	\$10,842,050	\$11,033,494	\$11,413,301
County Funds	682,485	706,113	730,819
Federal Funds	<u>22,261,847</u>	<u>26,020,467</u>	<u>29,616,953</u>
Total Funds	<u>\$33,786,382</u>	<u>\$37,760,074</u>	<u>\$41,761,073</u>

The average payment listed in Table 3 is the based on the amount appropriated by the legislature; however, the actual payment for AFDC and general assistance (GA) will be higher than the appropriated amount. The appropriations for AFDC and GA are based on a payment level of 41% of the poverty index in FY88 and 40% of the poverty index in FY89. The federal government establishes the index annually, defining poverty-level income by family size (see Table

4). However, the legislature did not change the statute establishing the GA payment matrix (section 53-2-205, MCA), so the department will have to pay a higher payment amount than was appropriated. Table 4 compares the statutory payment level and the appropriated payment level for FY89. The maximum statutory payment level is higher than the appropriated level.

Table 4
Actual and Estimated Monthly Poverty Index Compared to the
Statutory and Appropriated Payment Levels
1987 and 1989 Bienniums

Family Size	Poverty Index by Family Size				Maximum Statutory Payment Level	Maximum FY89 Appropriated Payment Level
	1986	1987	Estimated 1988	Estimated 1989		
1	\$ 442	\$ 453	\$ 472	\$ 495	\$212	\$198
2	595	610	635	667	282	267
3	749	768	799	839	354	336
4	902	925	962	1,011	426	404
5	1,055	1,082	1,126	1,182	501	473
6	1,209	1,240	1,290	1,355	570	542

Notes: The estimated poverty index guidelines are those adopted by the Joint Human Services Appropriation Subcommittee and are inflated at 2.6% annually. The FY89 appropriated payment level is calculated at 40% of the FY89 estimated poverty index guidelines. The FY89 appropriated payment level ranges from \$4 to \$13 higher than comparable FY88 appropriated payments due to the increase in the estimated poverty index.

The actual payment level for AFDC will be higher also than that appropriated by the legislature because statutory benefits for GA were not amended. If the department were to set AFDC grants at the level appropriated by the legislature, such payments would be below the statutorily established GA payment amounts (see Table 4). AFDC clients might apply for GA also to receive the differential between GA and AFDC grants. The differential would be entirely general fund requiring a higher expenditure of state funds than if

the department maintains an AFDC grant equal to GA grant amounts.

The appropriation for AFDC and GA will be about \$2.5 million short because the legislature did not change the statute setting the GA payment amount. However, language was added to HB 2 directing SRS to make all changes in eligibility criteria for AFDC allowed by federal and state law in order to maintain expenditures within the appropriation. Table 5 shows the estimated expenditures for both programs and the appropriation.

Table 5
Expenditures for GA and AFDC Compared to the Appropriation
1989 Biennium

Program	Appropriation		Estimated Actual Expenditures		Biennial Shortfall
	FY88	FY89	FY88	FY89	
AFDC	\$37,760,074	\$41,761,073	\$41,433,799	\$44,598,407	(\$6,511,059)
GA	3,932,568	3,447,576	4,319,712	3,691,344	(630,912)
General Fund	\$14,966,062	\$14,860,877	\$16,426,668	\$15,880,089	(\$2,479,818)

Note: The general fund share for AFDC is estimated to be 29.22% in FY88 and 27.43% in FY89.

The estimated actual expenditures in Table 5 are based on the same caseloads as the appropriation, but a different payment level than the appropriation. The average monthly AFDC caseload is expected to be 10,305 in FY88 and 11,092 in FY89, representing a 19% growth from FY86 to FY88 (see Table 3). The estimated actual average payment is expected to be \$335 each year compared to the appropriated payment level of \$305.35 in FY88 and \$313.75 in FY89.

The GA average monthly caseload is estimated to decrease from 1,930 in FY86 to 1,698 in FY88 and 1,451 in FY89, with an average monthly payment of \$212 each year of the biennium. The caseload estimates assume that the department will prevail in a lawsuit challenging the constitutionality of HB 33 adopted during by June 1986 Special Session of the Legislature, limiting GA benefits for able-bodied persons to two months in any 12-month period. If the Supreme Court holds that HB 33 is unconstitutional, GA general fund expenditures are estimated to be \$3 to \$4 million more than the biennial appropriation.

The GA caseload estimates also assume that the work training program will enable GA clients to find employment. The appropriation for the work training program was moved from SRS to the Department of Labor (DOL). Previously, SRS had contracted with DOL to administer the GA work program in the 12 state-administered counties.

The federal government changed the food stamp training program, requiring all states to submit plans and implement an employment and training program by April 1, 1987. The department submitted the GA work training program as its plan which qualifies will allow some offset of general fund with federal funding. The appropriations act contains language allowing SRS to request a budget amendment for such authority and directs DOL to offset allowable general fund expenses with the federal funds transferred from SRS.

The legislature made several other changes in the GA appropriation. Burial costs of \$92,000 general fund each year were appropriated separately from benefit payments where such costs were previously paid (see Table 2). The appropriation for nonresident general assistance is set at \$180,000 per year with language in HB 2 directing that \$30,000 is to pay the cost of temporary lodging and food, with the balance allocated to nonresident medical assistance. The annual general fund appropriation of \$145,000 for worker's compensation costs for GA clients participating in workfare programs was transferred from SRS to DOL in conjunction with the job training program appropriation. The legislature appropriated \$100,000 general fund each year of the biennium for a contract with Legal Services to represent GA clients in disability

ity determinations for federal Supplemental Security Income (SSI) benefits and to represent persons who had been notified of termination of SSI benefits. Language in HB 2 states that the Legal Services appropriation is intended to reduce the GA caseload by a minimum of 320 clients by the end of the biennium.

The Human Services Appropriation Subcommittee allocated 10% of the federal Low Income Energy Assistance Payment (LIEAP) grant to weatherization of low-income homes (see Table 2). During the 1987 biennium the amount of the transfer was set at 8.6%. Language in HB 2 directs that 10% of the LIEAP grant must be transferred to the social services block grant, but if the transfer is greater than \$1,103,548 in either year, a like amount of general fund must be reverted. Additional language in the appropriations act directs SRS to conduct a pilot project that establishes LIEAP payments based on a household's total heat bill as a percentage of a income. A low-income household would be required to pay a percentage of its total income in heating bills, with the percentage to be paid falling as income declined. LIEAP funds would pay the difference between the household obligation and the total heat bill. A report on the project is due to the 1989 Legislature.

HB 2 allows SRS to retain up to 5% of the community services block grant and mandates that the remainder of the grant be allocated to Human Resource Development Councils (HRDC). The total amount of the grant is expected to be about \$1.3 million each fiscal year (see Table 1). HRDC's use the funds for a variety of purposes including administration, service and program costs.

The legislature approved a modified budget request adding \$130,000 and \$260,000 in federal funds to expand the food stamp job search project, more than doubling the actual expenditure in FY86. Increases in the AFDC day care appropriation were also approved.

Other Appropriation Bills

HB 621 allocates a portion of oil overcharge funds to SRS. A biennial appropriation of \$3.2 million for weatherization of low-income homes is established. The weatherization funds will be administered by local service agencies, including HRDC's, in the same manner as the existing weatherization program. The bill also sets aside \$2.5 million to establish an energy assistance account which may be used to supplement either LIEAP or weatherization in the event that either federal appropriation falls below the federal FY87 level. HB 621 also appropriates \$100,000 each year of the biennium for heat assistance. SRS is to contract with Energy Share, a nonprofit corporation, for distribution of the heat assistance funds.

HB 581 increased by \$50 the amount of income that a GA recipient can earn without having the monthly grant reduced. Proponents of the bill argued that it would provide more incentive for GA clients to find work, especially if jobs were seasonal or part-time.

SB 257 established a low-income telephone assistance program within the Public Service Commission (PSC). Persons possessing a Medicaid card will be eligible for the program. Such a practice will not impose additional administrative costs on SRS. However, SRS will not match applicants for telephone assistance against a Medicaid client list as such an action would violate Medicaid clients' privacy.

HB 888 established a pilot program to provide incentives to operators of displaced homemaker programs in DOL to place AFDC clients in gainful employment. Although the act establishes the program in DOL, it could impact AFDC caseload costs in SRS. The act appropriated \$50,000 to pay a \$350 cash bonus to a program operator who successfully

places a client in a job for at least 6 consecutive months if the client has been on AFDC for at least 9 consecutive months previously. If the client remains employed for one full year, the program operator will receive an additional \$350. The bill also provides child care assistance up to \$200 per month per child for persons participating in the displaced homemaker program who have been on AFDC at least 9 months and who would be eligible for AFDC if not employed.

HB 825 gave the right of first repayment to the department to recover interim general relief assistance when GA clients become eligible for SSI. The right of the department is subrogated to that of private attorneys to recover fees for representing GA clients in eligibility determination for SSI. Currently private attorneys have filed liens against SSI benefits to recover legal fees; however, the department will interpret the provisions of HB 825 to give SRS first right of recovery of interim GA payments from federal SSI payments.

COMMUNITY SERVICES PROGRAM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated	
			FY 1988	FY 1989
Full Time Equivalent Employees	375.60	379.64	.00	.00
Personal Services	8,319,165.10	8,344,558	0	0
Operating Expenses	1,117,983.46	922,418	0	0
Equipment	23,059.06	3,000	0	0
Grants	0.00	6,830,280	0	0
Benefits and Claims	13,412,123.81	6,111,633	0	0
Total Program Costs	\$22,872,331.43	\$22,211,889	\$0	\$0
General Fund	13,686,481.89	12,913,351	0	0
State Special Revenue Fund	1,982.98	0	0	0
Federal & Other Spec Rev Fund	9,183,866.56	9,298,538	0	0
Total Funding Costs	\$22,872,331.43	\$22,211,889	\$0	\$0
Current Level Services	22,837,184.45	22,211,889	0	0
Budget Amended Services	35,146.98	0	0	0
Total Service Costs	\$22,872,331.43	\$22,211,889	\$0	\$0

Program Description

The primary and legally-mandated role of the Community Services Division is to provide protective services to ensure the health, welfare and safety of children, the developmentally disabled and elderly who are in danger of abuse,

neglect or exploitation. The division also provides supportive services to senior citizens to enable them to maintain their independence. Statutory authority for this program is provided in Title 53, chapters 4 and 5, MCA. This division is transferred to the new Family Services Department in FY88.

ELIGIBILITY DETERMINATION PGM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	365.99	369.61	388.55	388.55
Personal Services	7,106,149.56	7,373,793	8,246,063	8,243,516
Operating Expenses	116,099.02	115,285	138,938	138,432
Total Program Costs	\$7,222,248.58	\$7,489,078	\$8,385,001	\$8,381,948
General Fund	1,978,502.97	2,058,974	2,235,057	2,234,149
Federal & Other Spec Rev Fund	5,243,745.61	5,430,104	6,149,944	6,147,799
Total Funding Costs	\$7,222,248.58	\$7,489,078	\$8,385,001	\$8,381,948
Current Level Services	7,036,572.08	7,489,078	8,385,001	8,381,948
Budget Amended Services	185,676.50	0	0	0
Total Service Costs	\$7,222,248.58	\$7,489,078	\$8,385,001	\$8,381,948

Program Description

The staff of the Eligibility Determination program determine eligibility for Aid to Families with Dependent Children, medical assistance programs, the Food Stamp Program, low-income energy assistance, state and county assistance, and the state and county medical assistance.

Issues Addressed/Legislative Intent

Only personal services costs, transportation and miscellaneous other costs such as registration fees and relocation expenses are funded in the Eligibility Determination program. The operating costs associated with staff in this program are paid in the County Administration program if the staff are from a state-administered county or by the local county office in non-assumed counties (state-supervised counties).

The main issue considered by the legislature for the Eligibility Determination program was the level of staffing. FTE increase by 19.14 positions from the FY87 budgeted level of 369.61 to 388.75 in FY88 even though the legislature deleted 5.16 FTE. The largest single addition made by the legislature was the transfer of 15.8 FTE that were funded in the Community Services Division before it was transferred to the new Department of Family Services. These FTE represent portions of positions of county directors and clerical staff. The legislature also approved a modified request to add 9.7 FTE in state-supervised counties. The increase was offset by the reduction of 5.16 FTE that had been vacant

throughout FY86 and by the approval of the transfer of 1.2 FTE to the Assistance Payments program.

The 1985 Legislature authorized 12.0 new FTE for state-assumed counties to be added incrementally throughout the 1987 biennium. Six of the new positions were filled in FY86, but the ones to be added in FY87 were eliminated as part of the 5% cut. The department was able to add 9.88 FTE instead of 6.0 FTE in FY86 because of an increased federal matching rate for food stamp investigator positions.

During the June 1986 Special Session, the legislature gave the department the authority to add eligibility staff in state-supervised counties by budget amendment as funding for the positions involves federal and county funds but no state funds. The legislature added the caveat that any FTE added by budget amendment in state-supervised counties would be eliminated if the county chose to become state-assumed. The 1987 Legislature adopted the same intent with regard to adding eligibility staff in state-supervised counties during the 1989 biennium.

The legislature increased vacancy savings in this program to 5%. All the other programs in the department have a 4% vacancy savings rate.

The legislature included language in HB 2 directing that no FTE or spending authority may be transferred out of this program. However, the subcommittee intent was that authority could be transferred into the Eligibility Determination program.

ADMINISTRATIVE & SUPPORT SVS Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	84.68	83.00	73.20	73.20
Personal Services	2,112,723.13	2,077,859	1,940,743	1,940,087
Operating Expenses	854,955.38	815,720	1,045,246	913,171
Equipment	26,558.62	23,914	18,770	19,062
Total Program Costs	\$2,994,237.13	\$2,917,493	\$3,004,759	\$2,872,320
General Fund	1,330,035.11	1,553,776	1,253,542	1,196,115
Federal & Other Spec Rev Fund	1,664,202.02	1,363,717	1,751,217	1,676,205
Total Funding Costs	\$2,994,237.13	\$2,917,493	\$3,004,759	\$2,872,320
Current Level Services	2,994,237.13	2,917,493	3,004,759	2,872,320
Total Service Costs	\$2,994,237.13	\$2,917,493	\$3,004,759	\$2,872,320

Program Description

The Administration and Support Service staff provide overall direction of the agency and support services, such as fiscal, data processing, general services and word processing. The administrative organization of the department is established in sections 2-15-112, 2-15-2201, and 53-2-201, MCA.

Issues Addressed/Legislative Intent

Although the Administrative and Support Services program budget shows a slight increase in FY88 budgeted expenditures over FY86 actual, the total base budget is actually less. A change in accounting for indirect cost funds recovered from the federal government artificially inflates the program budget both years of the biennium.

The most significant change in the program budget and function is due to the transfer of FTE and authority to the new Department of Family Services. The program was reduced by the transfer of 6.5 administrative and clerical FTE and about \$79,500 in operating costs. Operating cost transfers are: \$38,621 in contracted services for insurance, rules publication, copying expense, data processing, and printing; \$16,550 for supplies; and \$24,195 for communications expenses.

The department eliminated 4.5 FTE in FY87 to cover the unfunded portion of the pay plan and the 5% funding reduction. The FTE included a .5 FTE attorney, an assistant bureau chief, an administrative officer IV, a secretary III and an accounting tech II. The FTE cuts reduced general fund expenditures about \$60,000. The 1985 Legislature approved the transfer of 1.7 FTE from the Vocational Rehabilitation and Visual Services programs, making the net change in positions between FY86 actual and budgeted

FY88-89, 10.2 FTE. Total annual personal service costs are about \$172,000 lower as a result.

Operating costs in FY88 are higher than FY86 actual in spite of the transfers to the new department because of several additions mandated by other agency functions. Audit fees were increased about \$67,000. The single largest increase is due to the change in the way that the state accounts for indirect cost recovery from the federal government. Previously, the department deposited the indirect cost funds to the general fund and such funds were recorded as revenue to the program. The accounting change requires that indirect costs be included as an expenditure in program budget, necessitating an increase in federal authority of \$149,500 annually.

Most other operating costs were budgeted at the actual FY86 expenditure level. Contracted services costs less audit fees are below the level expended in FY86, however.

Equipment purchases include two vehicles each year of the biennium. The cars are replacements for vehicles in district offices.

Although total budgeted expenditures are close to the level of FY86 actual expenditures, funding shifts noticeably between state, county and federal funds. Both the state and county share of funds decline and federal funding increases. Growth in the federal share of expenses is attributable to the inclusion of indirect costs and central payroll processing fees which are entirely federally funded.

Other Appropriation Bills

HB 635 passed by the legislature allows the department to borrow from the general fund to cover payments that will be reimbursed by counties and the federal government. The bill exempts SRS from the provision that all intercity loans must be repaid at the end of a biennium.

STATE ASSUMED COUNTY ADMIN. Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	1,252,673.35	1,314,200	1,258,085	1,242,314
Equipment	94,156.97	0	15,262	15,262
Total Program Costs	\$1,346,830.32	\$1,314,200	\$1,273,347	\$1,257,576
General Fund	989,890.07	952,818	934,967	918,972
Federal & Other Spec Rev Fund	356,940.25	361,382	338,380	338,604
Total Funding Costs	\$1,346,830.32	\$1,314,200	\$1,273,347	\$1,257,576
Current Level Services	1,346,830.32	1,314,200	1,273,347	1,257,576
Total Service Costs	\$1,346,830.32	\$1,314,200	\$1,273,347	\$1,257,576

Program Description

The State Assumption program accounts for all administrative costs (operating expenses and equipment except travel and per diem) in the state-administered counties. These costs were previously accounted for in the county billing procedure.

Issues Addressed/Legislative Intent

The County Administration program contains only those operating costs attributable to administration of state-assumed county welfare programs. Personal services costs for employees in local offices are paid in the Eligibility Determination program and in the Community Services Division in the new Department of Family Services.

The 1985 Legislature removed two funding sources from this program. The social services block grant funds were consolidated and allocated to the Developmental Disabilities Division and the 12 mills in property tax levied by state-assumed counties remitted to the state was transferred to the Medical Assistance program.

The appropriation for this program is below the FY86 level of expenditures for both years of the 1989 biennium in spite

of several operating cost increases authorized by the legislature. A reduction of about \$190,000 in FY88 and \$182,000 in FY89 in contracted services more than offsets the \$130,000 added to the budget each year. The bulk of the decrease in contracted services is related to the transfer of general assistance workfare costs to the Department of Labor.

The legislature adopted the executive recommendation for operating expenses. Included in the request is about \$60,000 annually for an increase in food stamp issuance contracts; about \$17,000 in FY88 for relocation of the Missoula County human services office; about \$47,000 each year for increased rent in local offices; data processing costs of about \$5,000 each year for on-line inquiry to the state mainframe computer for some local county offices; and an addition of \$54,796 in FY88 and \$46,996 in FY89 for the contract to process state medical claims.

The funding for this program based on the FY86 actual split between federal and state funds with adjustments for several of the major changes such as the increase for the state medical contract which is entirely general fund. About 73% of program costs are allocated to state funds with the balance allocated to federal sources.

MEDICAL ASSISTANCE Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	31.85	29.99	31.99	31.99
Personal Services	762,668.93	788,231	893,174	893,074
Operating Expenses	3,205,108.00	2,066,769	2,785,286	3,545,399
Equipment	9,317.38	230	5,052	1,700
Benefits and Claims	111,557,117.67	116,141,421	156,694,799	171,230,267
Total Program Costs	\$115,534,211.98	\$118,996,651	\$160,378,311	\$175,670,440
General Fund	33,335,464.52	33,794,909	46,873,494	48,192,079
State Special Revenue Fund	7,111,346.35	7,393,221	7,168,000	7,349,000
Federal & Other Spec Rev Fund	75,087,401.11	77,808,521	106,336,817	120,129,361
Total Funding Costs	\$115,534,211.98	\$118,996,651	\$160,378,311	\$175,670,440
Current Level Services	115,534,211.98	118,996,651	160,378,311	175,670,440
Total Service Costs	\$115,534,211.98	\$118,996,651	\$160,378,311	\$175,670,440

Program Description

Under Title XIX of the Social Security Act, the staff of the Medical Assistance program administer the Medicaid program, which includes the Home and Community Based Service program, for needy individuals and families. Statutory authority for the program is provided for in Title 53, chapter 6, MCA.

Issues Addressed/Legislative Intent

The legislature made several changes in the operating budget and benefits of the Medical Assistance program. Two half-time positions were deleted, contracted services expenditures were increased, the amount and scope of medical benefits were reduced, copayments for prescriptions were increased, nursing homes were given an annual 2% increase in the average rate, and reimbursement to physicians was increased an average of 1.5% annually.

The legislature added language in HB 2 that restricts the ability of SRS to transfer funds between appropriations for certain benefits. The department may transfer funds between Medicaid-primary care, state medical program, general assistance, and Medicaid-long-term care. The appropriations for these benefits may not be used in any other program or benefit, however.

The legislature deleted language that had been in the appropriations act passed in the 1985 session. During the 1987 biennium, SRS had been prohibited from expanding or reducing the amount, scope, or duration of the Medicaid-primary care benefits available to recipients unless a change was mandated by federal law and made a condition of the receipt of federal funds for the Medicaid program. Without specific legislative guidelines, the discretion to limit benefits, if the appropriation is inadequate, reverts to the department. Section 53-6-141(2), MCA allows the department to set priorities to limit or otherwise curtail the amount, scope, or duration of medical benefits and services if available funds are not sufficient to provide medical care for all eligible persons.

Additional language in HB 2 directs the department to attempt to reduce the budgeted cost of worker's compensation and unemployment insurance costs for personal care attendant services. Any savings realized from such actions should be used to increase wages paid to personal care attendants.

HB 2 limits Medicaid payment of psychiatric services for individuals under 21 to psychiatric hospitals providing such services exclusively to individuals under the age of 21. The provision does not prohibit payment for psychiatric services provided in a general inpatient hospital setting.

The operating budget issues considered by the legislature in the Medical Assistance program include the level of staffing and contracted services. FTE in this program increase two full-time positions from FY87 budgeted levels. Although three FTE were transferred from Assistance Payments program, the legislature deleted two .5 long-term care specialist positions that the department had been unable to fill even though potential candidates had been interviewed. The legislature reduced personal services costs by appropriating less than the amount requested in the executive budget for salaries of doctors in the state medical in Silver Bow County, although the FTE for the positions was not reduced.

In FY86, the department contracted for the upgrade of its Medicaid Management Information System (MMIS), resulting in higher actual FY86 operating expenses than appropriated in FY88. Current operating costs of the system, about \$80,000 monthly, are expected to increase to about \$200,000 monthly when the contract for MMIS operation is rebid in February 1988. The legislature appropriated funds for such an increase causing budgeted operating expenses to be about \$300,000 higher in FY88 than actual expenditures in FY86. Contracted services costs were increased \$15,000 in FY88 and \$30,000 in FY89 to cover the cost of audits for the Youth Treatment Center and Rivendell of Billings and \$10,000 each year for a contract to prescreen admissions of patients to free standing psychiatric units.

With the exception of contracted services, most operating costs are budgeted at the FY86 actual expenditure. Purchases of minor office equipment are budgeted both years of the biennium.

The amount appropriated in FY88 for medical benefits increases almost 40% from FY86 actual expenditures. Although the legislature instituted some benefit limitations, costs due to caseload growth and provider rates increases more than offset such reductions.

Table 1 shows the rate increases adopted by the legislature for nursing homes and physicians, requiring \$1.0 million more general fund over the biennium. The average nursing

home rates were boosted 2% per year. Overall reimbursement to physicians was increased 1.5% per year, with the legislature directing the department to adjust rates to reduce inequities in reimbursements between specialists. The cost of some medical procedures has risen more than the cost of

others due to such factors as malpractice insurance. The rate increase is intended to adjust for reimbursement disparities aggravated by rates established in 1982 rather than to be applied across the board.

Table 1
Cost and Funding of Rate Increases
1989 Biennium

Item	FY88	FY89	Biennium Total
Nursing Home 2% Increase	\$936,000	\$1,885,000	\$2,281,000
Physician 1.5% Increase	178,138	390,008	568,146
Total Cost	<u>\$1,114,138</u>	<u>\$2,275,008</u>	<u>\$3,389,146</u>
General Fund	\$346,386	\$661,572	\$1,007,958
Federal Funds*	767,752	1,613,436	2,381,188
Total Funds	<u>\$1,114,138</u>	<u>\$2,275,008</u>	<u>\$3,389,146</u>

* The federal participation rate is estimated to be 68.91% in FY88 and 70.92% in FY89.

The legislature limited some medical benefits and eliminated others. Table 2 shows the reductions in selected optional Medicaid benefits and the estimated cost savings. The general fund appropriation is about \$1.4 million lower over the biennium than it would have been without the benefit limitations.

Medical assistance benefits no longer include payment for dentures, glasses or hearing aids under the changes adopted

by the legislature. Together these exclusions account for almost two thirds of the cost reduction in medical benefits. The second largest change is related to the limitation of payment for only two nonemergency visits to a hospital emergency room for any recipient within one year. During subcommittee hearings, a nonemergency visit was defined as one that does not result in an overnight stay in the hospital.

Table 2
Estimated Cost Reductions of Medical Benefit Limitations
1989 Biennium

Item	Reduction in Total Funds Over the Biennium	Reduction in General Fund
Eliminate Payment for:		
Glasses	\$1,427,527	\$428,900
Dentures	1,272,673	382,167
Hearing Aids	448,038	134,613
Limit Payment for Nonemergency Visits to Emergency Rooms Two per Year	860,388	258,567
Increase Copayment for Prescriptions	344,774	103,639
Require Prescreening for Hospital Admission*	380,000	118,142
Total Reduction	<u>\$4,733,400</u>	<u>\$1,426,028</u>

* The savings due to a preadmission screen for hospital admissions would occur in FY88 only.

** The general fund participation rate is estimated to be 31.09% in FY88 and 29.08% in FY89.

The provision to increase copayments for prescriptions doubles the amount a medical assistance recipient must pay for a prescription from \$.50 to \$1.00. The legislature imposed a requirement for a preadmission screen as a condition for payment of hospitalization. A physician or hospital would have to receive authorization from the Montana/Wyoming Foundation for Medical Care for hospitalization of a Medicaid/state medical patient prior to admittance in order to receive reimbursement. The estimated savings of

\$380,000 will not occur if hospitals institute a procedure that satisfies the screening requirements before the department begins to apply nonpayment sanctions.

The legislature limited inpatient hospital care to a maximum of 30 days per admission, unless extended hospitalization was approved by a hospital's utilization and review committee. It is not possible to estimate the cost impact of this requirement, although it may produce some savings.

Expenditure reductions attributable to the newly adopted benefit limitations are overshadowed by the \$60 million increase in the appropriation for FY89 compared to FY86 actual expenditures (see Table 3). Growth in caseloads and utilization of more costly services accounts for the bulk of the increase.

The appropriation for the state medical program in counties where the state has assumed administration of local welfare programs more than doubles between FY86 and FY88. Such

growth is anticipated in spite of a forecast decline in the state general assistance (GA) caseload (see Assistance Payments program). A review of state medical claims provided by the department to the subcommittee showed that in FY86 between 70% to 80% of the state medical recipients also received GA. However, almost half of total cost of state medical went to clients not receiving GA. A sample of paid claims showed that the types of claims paid were for accidents and serious medical conditions.

Table 3
Actual, Estimated and Appropriated Expenditures for Medical Benefits
1987 and 1989 Bienniums

Benefit	FY86 Actual	FY88 Appropriation	FY89 Appropriation
State Medical	\$ 2,556,945	\$ 6,000,000	\$ 6,000,000
Long-term Care	41,416,302	47,606,000	48,555,000
Primary Care*	54,854,837	82,571,758	95,406,635
Medicaid Waiver**	1,277,415	2,894,711	2,894,711
Disabled		(1,352,650)	(1,352,650)
Elderly		(1,542,061)	(1,542,061)
Institutions	11,380,193	13,830,235	14,357,421
Medicare Buy-in	1,490,716	2,007,043	2,231,934
DHES Surveys	97,457	207,566	207,080
Indian Health	1,250,000	1,577,486	1,577,486
Total Cost	<u>\$114,323,865</u>	<u>\$156,694,799</u>	<u>\$171,230,267</u>
General Fund	\$ 33,190,335	\$ 45,687,404	\$ 46,813,763
County Funds	7,111,346	7,168,000	7,349,000
Federal Funds***	74,022,184	103,839,395	117,067,504
Total Funds	<u>\$114,323,865</u>	<u>\$156,694,799</u>	<u>\$171,230,267</u>

* The primary care expenditures include the FY86 supplemental appropriation.

** The appropriation for the Medicaid waiver was not allocated between the elderly and disabled in FY86 or FY87.

*** The federal matching rate is assumed to be 68.91% in FY88 and 70.92% in FY89 for the Medicaid waiver, institutions, long-term care and primary care. Federal participation in the Medicare buy-in is assumed to be 58.96% in FY88 and 57.43% in FY89. Indian health and the DHES surveys are 100% federally funded.

The appropriation for long-term care (nursing homes) was budgeted at less than the original executive request due to revised caseload estimates; however, the amount shown in Table 3 includes the 2% average rate increase. The appropriation is based on 1,300,000 days of care at a rate of \$36.62 per day in FY88 and \$37.35 per day in FY89. Table 4 shows the days of care and daily reimbursement for the 1987 and 1989 bienniums. The total general fund cost for long-term care is projected to decline even though the total

appropriation rises about \$7 million because the federal participation rate is forecast to increase.

Federal participation is calculated from a formula that considers the per capita income of a state in comparison to the rest of the states in the nation. If per capita income in Montana increases faster than that of other states in the U.S. over the coming biennium, the federal matching rate for medical and economic assistance programs could be lower than predicted, causing state costs for such programs to increase.

Table 4
Medicaid Reimbursement Rates to Nursing Homes and Days of Care
1987 and 1989 Biennium

Item	FY66 <u>Actual</u>	FY88 <u>Estimated</u>	FY89 <u>Estimated</u>
Medicaid Bed Days	1,221,768	1,300,000	1,300,000
Daily Rate*	\$33.89	\$36.62	\$37.35
General Fund	\$14,124,539	\$14,795,945	\$14,119,794
Total Cost	<u>\$41,416,302</u>	<u>\$47,606,000</u>	<u>\$48,555,000</u>

* The total cost will not equal bed days times the daily rate due to rounding of the daily rate.

During subcommittee hearings, the department prepared a memorandum explaining how the rate increase will be applied to the nursing home formula. The manner in which the rate increase will be calculated will produce a 2% annual increase in the statewide average daily rate.

The appropriation for primary care Medicaid benefits is the largest for any single benefit in SRS. Primary care includes inpatient and outpatient hospitalization care; prescriptions; physician and other practitioner costs; dental and mental health services; and speech, physical and audiological therapies.

The legislature adopted the Legislative Fiscal Analyst's estimate of primary care costs which was about \$1.0 million less in total funds than that of the executive. Table 5 shows the basic elements of the forecast of the cost of primary care

over the coming biennium compared to the 1987 biennium. The caseload for primary care is comprised of two populations—families with dependent children (AFDC) and aged, blind and disabled individuals receiving supplemental social security income (SSI) who meet the eligibility requirements for medical assistance. Persons receiving economic assistance such as AFDC and SSI are automatically eligible for Medicaid. Persons with income or resources above the eligibility requirements, who would otherwise qualify for AFDC or SSI, can become eligible for medical assistance. They must incur medical expenses within a three-month period that are three times greater than the difference between their monthly income (less allowable exclusions) and the medical assistance monthly income standard. Then Medicaid will pay the amount in excess of household resources.

Table 5
Primary Care Expenditure Forecast
1987 and 1989 Bienniums

Item	FY86 <u>Actual</u>	FY88 <u>Estimated</u>	FY89 <u>Estimated</u>
Monthly AFDC Caseload	8,675	10,305	11,092
Average Monthly Cost AFDC Case	\$280.75	\$347.52	\$372.24
Total AFDC Cost	\$29,225,873	\$42,974,120	\$49,936,763
Percent of Total Cost	53.28	52.04	52.34
SSI Monthly Caseload	11,436	12,756	13,417
Average Monthly Cost SSI Case	\$186.75	\$259.15	\$284.06
Percent of Total Cost	46.72	47.96	47.66
Total SSI Cost	\$25,628,964	\$39,597,638	\$45,469,872
Total Cost for Primary Care	<u>\$54,854,837</u>	<u>\$82,571,758</u>	<u>\$95,406,635</u>
General Fund	\$11,319,879	\$18,503,560	\$20,395,249
State Special	7,111,346	7,168,000	7,349,000
Federal Funds	36,423,612	56,900,198	67,662,386
Total Funds	<u>\$54,854,837</u>	<u>\$82,571,758</u>	<u>\$95,406,635</u>

The AFDC caseload is estimated to comprise over 50% of the total cost of Medicaid-primary care every year but FY87, when the average cost per SSI case jumps 31% compared to FY86. The increase is caused by the utilization of more costly services, as the number of SSI clients is estimated to increase about 6% over the same time period.

The average rate of growth in total primary care expenditures is projected to be 20.26% annually from FY86 actual to FY89 budgeted costs. Although the AFDC caseload costs account for a larger share of the total cost in FY89, the annual rate of growth from FY86 to FY87 for SSI-related costs is higher (21.06%) than that for AFDC (19.55%).

The state special revenue fund shown in Table 5 is the income from the property tax levied in the 12 state-assumed counties. During the 1985 Session this revenue was moved to medical assistance; previously it had been distributed throughout SRS. The legislature adopted a revenue estimate for the 12 mill income consistent with HJR 41. The property tax transferred from the state-assumed counties is a direct offset to general fund. Language in HB 2 directs SRS to revert a like amount of general fund if property tax income from state-assumed counties is higher than \$7,168,000 in FY88 and \$7,349,000 in FY89. The department is not required to revert general fund if new counties

opt for state assumption and thereby increase the property tax collections.

SRS reimburses the Department of Institutions for the cost of Medicaid-eligible individuals in state institutions. Table 6 shows the estimated Medicaid payments for state institutions for the coming biennium compared to actual payments in FY86. Since the appropriation for operation of state institutions comes from the general fund, Medicaid reimbursement is an important source of state revenue. SRS also reimburses the Montana Veteran's Home for care although it is not shown in Table 6. The department estimates that such reimbursement will be about \$3,500 in each fiscal year of the 1989 biennium.

Table 6
Actual and Estimated Medicaid Reimbursement to State Institutions
FY86 and 1989 Biennium

Institution and Funding	FY86 Actual	FY88 Estimated	FY89 Estimated
Montana Developmental Center (Boulder)	\$7,812,553	\$9,607,454	\$9,991,865
Center for the Aged	1,080,389	1,235,464	1,266,442
Eastmont	1,345,860	1,715,269	1,783,640
Montana State Hospital	1,141,391	1,272,048	1,315,474
Total Cost*	\$11,380,193	\$13,830,235	\$14,357,421
General Fund	\$3,826,021	\$4,299,820	\$4,170,831
Federal Funds	7,554,172	9,530,415	10,186,590
Total Funds*	\$11,380,193	\$13,830,235	\$14,357,421

* The total cost includes reimbursement from third parties and private payments.

Eastmont and the Montana Developmental Center are reimbursed on a cost basis while other institutions are reimbursed on a prospective basis. Expenditures are estimated from the projected number of bed days times the projected daily rate less any reimbursements from private parties. The subcommittee accepted the LFA estimate for institutional reimbursement which included a higher number of bed days at institutions and a higher daily rate. Language in HB 2 prohibits the transfer of funds out of the Medicaid institution appropriation.

The Medicaid waiver program provides in-home and community services to disabled and/or elderly clients who are determined to be eligible for long-term institutional care. The cost of the care must not exceed 80% of the average per diem rate for long-term care in an institution, less an adjustment for room and board costs.

The amount appropriated for the waiver is double the FY86 level of expenditures (see Table 3). The growth is attributable to the annualization of costs of programs started in FY84, FY85 and FY87 and to the increase in services to the disabled allowed by the federal government (see Table 7).

The legislature approved 448 slots in the program, leaving the allocation of slots between elderly and disabled clients to the discretion of the department. The appropriation for the Medicaid waiver in HB 2 is broken out between elderly and disabled (see Table 2). However, the cost allocation is not a line item in the bill and waiver funds can be moved between the two groups of clients without violating legislative intent.

The FY88 appropriation is based on a mix of 318 slots for elderly clients and 130 for disabled. The average annual cost

per disabled slot is \$10,405, more than twice that for an elderly client at \$4,850. The department explained in subcommittee hearings that the cost of services to the disabled is higher due to the types of services provided and due to the types of disabilities such as head injuries.

The cost of providing services under the Medicaid waiver is still less expensive than if waiver clients were institutionalized. The annual Medicaid cost of nursing home care in FY86 was about \$12,374 per person. The cost of providing services to elderly clients under the waiver is about 39% of the cost of nursing home care. Disabled clients appropriately served in an inpatient hospital rehabilitation center receive comparable services under the waiver for about one-twelfth of the cost.

Federal approval was granted to the waiver program to serve up to 12 severely disabled patients beginning November 1, 1986 and up to 18 beginning November 1, 1987. Heavy care patients are persons who require 24-hour supervision and include such severe disabilities as ventilator dependency, muscular dystrophy, quadriplegics, and congenital heart defects. The cost of a heavy care slot could average around \$100,000 annually; however, the comparable cost for hospitalization of such persons can range from \$120,000 to \$500,000. Medicaid would pay the medical costs for either setting, so the state could save general fund by moving heavy care patients to the waiver program. In subcommittee hearings, the department testified that there possibly may be 8 heavy care cases that could be served under the waiver during FY87.

Table 7 shows the location of waiver services and the number of unduplicated cases for each waiver team.

Between FY84 and FY86, the number of unduplicated cases receiving services increased more than fivefold. Missoula was the only team providing services to a substantial number of disabled persons prior to November 1, 1986. The disabled persons being serviced in Missoula include 16

living in a group home for physically-disabled persons. The department testified that establishing group homes for physically disabled clients is not a goal of the waiver program, but that it was necessary to do so to serve certain severely disabled clients.

Table 7
Location of Medicaid Waiver Teams and Number of Cases
FY84 to FY86

Location and Cost	Start Date	FY84	FY85	FY86
Missoula				
Elderly	October 1983	15	30	53
Disabled	October 1983	14	50	50
Billings	January 1984	17	55	66
Great Falls	April 1984	6	18	54
Bozeman	May 1984	1	19	27
Helena	May 1984	7	16	56
Miles City	July 1984	0	8	17
Sidney	July 1984	0	9	13
Kalispell	July 1986	0	0	0
Total Cases		60	205	336
Total Cost		\$252,694	\$948,070	\$1,458,427

The appropriation for Medicare buy-in increases \$740,000 in total funds between FY86 actual cost and FY89 budgeted cost (see Table 2). The Medicare buy-in is payment of the Part B premium for Medicaid-eligible persons who are disabled or at least 65 years old. Payment of the premium requires medical providers to bill Medicare for services. Medicare pays at least 80% of the bill, with the remainder paid by Medicaid.

The state pays a portion of the Part B premium for individuals receiving AFDC and SSI depending on the federal matching rates for the cash assistance program. Part B premium payments are federally mandated for those persons receiving cash assistance. The state pays the entire premium

cost for persons determined to be medically needy—those persons whose incomes exceed the standards for cash assistance, but whose income, resources, and medical bills meet the eligibility criteria for medically needy. In FY88 the general fund portion of costs is estimated to be 58.96% and 57.43% in FY89.

Table 8 shows the FY86 actual cost for the buy-in compared to the appropriated cost for FY88 and FY89. Caseload and premium costs are shown also. The caseload is projected to increase 23% from FY86 to FY89, or 7.3% annually. Premium costs are estimated to rise about 21% or 6.7% annually.

Table 8
Utilization and Costs for the Medicare Buy-In
FY86 and 1989 Biennium

Item	FY66 Actual	FY88 Appropriated	FY89 Appropriated
Annual Cost	\$1,490,716	\$2,007,043	\$2,231,934
General Fund	927,225	1,183,353	1,281,800
Monthly Average Recipients	7,595	9,080	9,370
Monthly Premium Cost	\$16.36	\$18.42	\$19.85

SRS contracts with the Department of Health and Environmental Sciences (DHES) to survey health care facilities for compliance with Medicaid and Medicare certification criteria and state rules governing Medicaid participation. The appropriation in SRS for DHES surveys is 100% federal funds (see Table 2). The general fund match required for the portion of time spent on Medicaid certification and state licensure of facilities is included in the DHES budget. The

appropriation doubles due to the increase in staff authorized during the 1989 biennium (see DHES appropriation report).

The appropriation for Indian Health is funded entirely with federal funds also (see Table 2). The funds are passed through SRS to the Bureau of Indian Affairs. The program provides Medicaid-eligible Indians with such services as inpatient and outpatient hospitalization and clinic and home

health services. The funds are provided to the following reservations: Flathead, Blackfeet, Rocky Boy, Fort Belknap, Crow, Northern Cheyenne and Fort Peck. Federal law specifies that Medicaid funds should be used to pay medical costs before Indian Health Service funds and that clients have freedom of choice in selecting a medical provider, including providers off the reservations.

Other Appropriation Bills

HB 489 creates a statutory appropriation for public and private funds donated to the department for medical assistance. Donated funds must be matched with federal funds whenever possible.

AUDIT AND PRO. COMPLIANCE DIV.		Actual	Budgeted	Appropriated	
Budget Detail Summary		FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees		44.00	41.00	38.00	38.00
Personal Services		1,038,675.76	1,050,160	979,609	979,260
Operating Expenses		164,989.35	169,711	152,959	153,409
Equipment		6,666.83	400	0	0
Grants		0.00	128,203	0	0
Benefits and Claims		87,659.29	0	147,614	148,683
Total Program Costs		\$1,297,991.23	\$1,348,474	\$1,280,182	\$1,281,352
General Fund		587,277.75	660,305	576,930	576,982
Federal & Other Spec Rev Fund		710,713.48	688,169	703,252	704,370
Total Funding Costs		\$1,297,991.23	\$1,348,474	\$1,280,182	\$1,281,352
Current Level Services		1,297,991.23	1,348,474	1,280,182	1,281,352
Total Service Costs		\$1,297,991.23	\$1,348,474	\$1,280,182	\$1,281,352

Program Description

The Audit and Program Compliance Division primarily provides support to SRS through two bureaus - the Audit Bureau and the Program Integrity Bureau.

The Audit Bureau conducts financial and compliance audits on a statewide basis for the Food Stamp, Aging Services, Foster Care, Case Management Services, Leap and Weatherization, State Assumption, and certain Medicaid Bureau programs.

The responsibilities of the Program Integrity Bureau include federal quality control and state quality assurance reviews of public assistance cases for eligibility determination. The Program Integrity Bureau also examines Medicaid claims processing activities to ensure that claims are properly paid. In addition, this bureau handles department recovery activities related to public assistance overpayments and Medicaid third party liability collections (e.g. health and liability insurance). Furthermore, the Program Integrity Bureau is responsible for recipient and Medicaid provider fraud and abuse detection, recipient and Medicaid provider administrative sanctions and the screening of fraud referrals for possible prosecution.

Issues Addressed/Legislative Intent

The total amount budgeted for the Audit and Program Compliance program is about 1.4% less each year of the 1989 biennium than actual FY86 expenditures. Budgeted

operating expenses are almost 6% lower than actual FY86 operating expenditures. The budget reduction is due to transfers to the new Department of Family Services and to cuts made by the department to satisfy the 5% funding reduction and the unfunded portion of the pay plan in FY87.

The number of FTE in the program fall by six full-time positions. Three FTE were transferred from the program to the Department of Family Services. Additionally, \$10,100 in operating costs was transferred with the positions.

Three FTE including one auditor and two positions in the quality assurance program were cut to reduce general fund. A savings of \$39,962 was realized by this action. The two quality assurance positions were included in 4.0 new FTE authorized by the 1985 Legislature.

Budgeted personal services costs fall by about 6% from FY86 actual to budgeted FY88 due to the FTE reductions and transfers. Operating costs decline over 7% for the same period. No equipment was budgeted for this program.

A contract with the Department of Revenue for Medicaid fraud investigations is the only item budgeted in benefits and claims. The contract is 100 percent federally funded and is about \$60,000 above FY86 actual expenditures.

Funding for this program is based on the number of hours that audit staff spend on federally-funded programs and the funding split of respective programs. Over the 1989 biennium general fund constitutes about 45% of total funding.

VOCATIONAL REHABILITATION PGM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	65.58	65.75	73.80	73.80
Personal Services	1,446,881.95	1,463,413	1,742,029	1,741,577
Operating Expenses	367,545.93	354,847	411,188	405,879
Equipment	12,794.51	3,810	8,810	3,810
Benefits and Claims	3,445,060.27	3,668,074	5,275,596	5,327,133
Total Program Costs	\$5,272,282.66	\$5,490,144	\$7,437,623	\$7,478,399
General Fund	662,089.75	727,674	703,909	702,955
State Special Revenue Fund	666,181.04	563,666	1,048,515	1,196,383
Federal & Other Spec Rev Fund	3,944,011.87	4,198,804	5,685,199	5,579,061
Total Funding Costs	\$5,272,282.66	\$5,490,144	\$7,437,623	\$7,478,399
Current Level Services	5,144,399.48	5,490,144	7,437,623	7,478,399
Budget Amended Services	127,883.18	0	0	0
Total Service Costs	\$5,272,282.66	\$5,490,144	\$7,437,623	\$7,478,399

Program Description

The Vocational Rehabilitation program provides services to vocationally-handicapped persons of employable age to restore them to gainful work. Program emphasis is serving the severely disabled. Services include: diagnostic evaluation, vocational training, physical restoration, counseling, job placement and follow up. This program also provides extended employment services to help severely disabled persons who require a sheltered employment setting. Independent living services are provided to those persons who are too severely disabled to benefit from employment training and services. Statutory authority is in Title 53, chapter 7, MCA.

Issues Addressed/Legislative Intent

The legislature approved four modified requests included in the executive budget for the Vocational Rehabilitation (VR)

program. These additions increased program FTE by six full-time positions, operating costs by \$146,023 annually and benefits by \$3.5 million over the biennium. The modified requests are funded by a combination of federal and state special revenue funds. Table 1 shows each of the modified requests approved by the legislature by type of expense and funding.

The first modified listed in Table 1, funded by federal Title 6 monies, will assist severely disabled persons in finding and maintaining employment. Six new FTE will be hired to provide case management and administrative support for Title 6 services; these FTE will also help persons receive supported employment benefits (number 4 in Table 1).

Table 1
Additions to the Vocational Rehabilitation Program Budget
1989 Biennium

Request, Expenditure, Funding	FY88	FY89
1. Title 6 Services		
FTE	6.0	6.0
Operating Costs	\$146,023	\$146,023
Benefits	228,977	228,977
Total Costs	\$375,000	\$375,000
Total Federal Funds	\$375,000	\$375,000
2. General Rehabilitation Services		
Total Benefit Costs	\$671,614	\$824,714
State Revenue Special Funds	\$371,614	\$524,714
Federal Funds	300,000	300,000
Total Funds	\$671,614	\$824,714
3. Special Population and Independent Living		
Total Benefit Cost	\$261,171	\$261,171
Total Federal Funds	\$261,171	\$261,171
4. Supported Employment		
Total Benefit Cost	\$572,080	\$470,517
Total Federal Funds	\$572,080	\$470,517
Total Overall Increase In:		
Operating Costs	\$146,023	\$146,023
Benefit Costs	1,733,842	1,785,379
Total Cost	\$1,879,865	\$1,931,402
State Special Revenue Funds	\$371,614	\$524,714
Federal Funds	1,508,251	1,406,688
Total Funds	\$1,879,865	\$1,931,402

The second modification, expansion in general rehabilitation services, will extend benefits to persons who have permanent disabilities and who are expected to return to gainful employment. It is the intent of the legislature that the funds for the general rehabilitation services modification could be used to fund salary increases for several positions if the department loses an appeal to upgrade positions in the Visual Services program.

The third modification, special population and independent living, will assist individuals with disabilities that are so severe they may not qualify for federally-supported Section 110 benefits. This modification will help these individuals maintain an independent life style as possible. About \$29,000 of general fund in the current level budget will be used to match federal funds of \$261,171 to provide services such adaptive equipment, individual support services and public education.

The fourth modification would allow the expenditure of about \$572,000 per year in federal funds to enhance supported employment benefits started by budget amendment in FY87 and could extend for five years. These benefits help severely disabled persons maintain employment.

Personal services costs increase about \$295,000 or 20% from the FY86 actual to FY88 budgeted level. FTE increase by a net 8.05 positions. Six FTE were added with the increase for

Title 6 services, while 2.5 FTE were added due to the passage of SB 315 which requires a board to screen cases referred to the workers' compensation program. The reduction of .45 FTE results from an elimination of a .13 FTE human service aide by the legislature a the transfer of .15 FTE to the Visual Services program and a transfer of .17 FTE to the Assistance Payments program.

The appropriation for equipment includes \$5,000 in FY88 for the SB 315 worker's compensation review board personnel. Purchases of minor office equipment is budgeted for both years (\$3,810).

The annual appropriation for benefits is about \$1.9 million more than expended in FY86 largely due to the additions approved by the legislature (see Table 1). The legislature gave the department flexibility to transfer benefit funds between VR and Visual Services as it is difficult to predict the number of vocational rehabilitation clients and the number of visually-impaired clients and the programs are part of the same division.

Table 2 shows the funding source for the operating and benefit appropriation by fiscal year. The total program funding increases about \$2.2 million over FY86 actual. Most of the growth occurs in benefits included in the modified budget requests shown in Table 1. Operating costs increase about \$300,000 over FY86 actual due to SB 315 and the Title 6

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modified request. Other additions to operating costs are \$3,000 each year for medical consultants for a learning disability program; rent increases of about \$3,000; about \$13,000 in other expenses; about \$3,000 in contracted ser-

vices; \$2,000 in legal fees in FY88 only; and \$2,000 in relocation expenses in FY88 only. General fund outlays are about \$42,000 higher in FY88 than FY86.

Table 2
Source of Funding for Operating and
Benefit Costs for Vocational Rehabilitation
FY86 and 1989 Biennium

Expenditure and Funding	FY86 Actual	FY88 Budgeted	FY89 Budgeted
Operations			
General Fund:			
In-service Match	\$1,526	\$1,500	\$1,500
110 Match	350,710	378,028	377,074
State Industrial Accident Revenue Account (SB 315)	83,445	78,213	
Federal Funds:			
In-service Funds	13,739	13,500	13,500
Federal Title 6	0	146,023	146,023
Section 110	1,406,066	1,512,113	1,508,294
Disability Determination	55,288	27,418	26,662
Subtotal Operations Funds	\$1,827,229	\$2,162,027	\$2,151,266
Benefits			
General Fund:			
Special Population	\$10,953	\$29,019	\$29,019
Extended Employment	266,721	269,095	269,095
110 Match	32,180	26,267	26,267
State Industrial Accident Revenue Account	666,181	965,070	1,118,170
Federal Funds:			
Special Population	96,480	261,171	261,171
Job Training Partnership Act	405,167	333,000	333,000
Supplemental Security Income Funds	52,378	102,378	102,378
Supported Employment	0	572,080	470,517
Title 6	0	228,977	228,977
Section 110	1,915,001	2,488,539	2,488,539
Subtotal Benefits Funds	\$3,445,061	\$5,275,596	\$5,327,133
Total Operations and Benefits Funds	\$5,272,290	\$7,437,623	\$7,478,399
Total General Fund	\$662,090	\$703,909	\$702,955
Total State Special Revenue	666,181	1,048,515	1,196,383
Total Federal Funds	3,944,019	5,685,119	5,579,061
Total Funds	\$5,272,290	\$7,437,623	\$7,478,399

DISABILITY DETERMINATION PGM Budget Detail Summary	Actual	Budgeted	Appropriated	
	FY 1986	FY 1987	FY 1988	FY 1989
Full Time Equivalent Employees	44.13	44.13	44.13	44.13
Personal Services	1,204,406.92	1,081,537	1,216,174	1,220,214
Operating Expenses	1,009,123.92	1,151,479	1,075,751	1,075,397
Equipment	21,675.25	11,000	16,816	6,435
Benefits and Claims	52,432.64	75,891	75,891	75,891
Total Program Costs	\$2,287,638.73	\$2,319,907	\$2,384,632	\$2,377,937
Federal & Other Spec Rev Fund	2,287,638.73	2,319,907	2,384,632	2,377,937
Total Funding Costs	\$2,287,638.73	\$2,319,907	\$2,384,632	\$2,377,937
Current Level Services	2,271,288.73	2,319,907	2,384,632	2,377,937
Budget Amended Services	16,350.00	0	0	0
Total Service Costs	\$2,287,638.73	\$2,319,907	\$2,384,632	\$2,377,937

Program Description

The Disability Determination program determines disability of Montana citizens who apply for Social Security Disability Insurance and Supplemental Security Income Disability benefits.

The SSDI program is intended to provide benefits only to those insured individuals (and qualified dependents) who become unable to work because of an illness or injury expected to last for at least 12 full months or which may cause death.

The SSI program is intended to provide an income floor to those disabled individuals eligible from an income and resource level who become unable to work because of an illness or injury which is expected to last for at least 12 full months or which may cause death.

Face to face hearings are conducted prior to termination of benefits for disabled beneficiaries receiving SSDI benefits.

Issues Addressed/Legislative Intent

The Disability Determination program is almost entirely federally funded. However, a small portion of program revenue

is derived from a contract with the Medical Assistance program, requiring a state match within the Medical Assistance program budget. The contract amount is about \$48,000 in FY87 and provides medical examinations for approximately 200 state medical recipients to determine if they would qualify for the Medicaid program as medically needy. In FY88 and FY89 about \$14,000 general fund per year is included in Medical Assistance to continue this contract.

Operating expenses increase above FY86 due to contracted services and travel costs. Contracted services costs increase \$33,000 to fund changes in Social Security regulations requiring more review and dictation on psychological claims and more thorough medical examinations to determine disabilities. Travel costs were increased to accommodate federally-mandated travel for program staff.

The budget includes computer and minor office equipment. Reimbursement for client travel, budgeted in benefits and claims, increases about \$13,000 in both years of the biennium above FY86 actual.

The legislature included language in HB 2 that prohibits transfer of FTE or spending authority from this program.

VISUAL SERVICES PRGM Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	19.75	20.45	19.90	19.90
Personal Services	438,883.19	459,936	489,414	489,276
Operating Expenses	165,189.39	170,167	112,408	111,489
Equipment	2,959.66	1,000	7,670	8,115
Benefits and Claims	360,137.81	288,928	424,267	424,267
Total Program Costs	\$967,170.05	\$920,031	\$1,033,759	\$1,033,147
General Fund	241,829.81	247,794	275,272	275,150
Federal & Other Spec Rev Fund	725,340.24	672,237	758,487	757,997
Total Funding Costs	\$967,170.05	\$920,031	\$1,033,759	\$1,033,147
Current Level Services	967,170.05	920,031	1,033,759	1,033,147
Total Service Costs	\$967,170.05	\$920,031	\$1,033,759	\$1,033,147

Program Description

The Visual Services program provides rehabilitation services to blind and visually-impaired individuals. These services include: medical examination, vocational counselling, physical restoration services, job training, job placement, and follow-up services. Special programs offered by Visual Services include the following:

The Visual Services Medical program provides eye care for medically indigent persons.

Program for Independent Living Skills (PILS) trains newly blinded individuals to live independently.

The Mobility and Orientation program trains visually-impaired individuals to travel independently.

The Rehabilitation Teaching program teaches independent living skills.

The Visual Services Program also provides training for hospital and nursing home personnel in working with blind and visuallyhandicapped persons. Statutory authority for the program is in Title 53, chapter 7 - 3 MCA.

Issues Addressed/Legislative Intent

The appropriation for the Visual Services program increases about 7% over FY86 actual expenditures. Increases in the amounts budgeted for personal services, equipment and ben-

efits are moderated by a 32% decline in the operating budget.

FTE in the program increase by .15 positions transferred from the Vocational Rehabilitation (VR) program. Equipment purchases include adaptive equipment for computers to enable visually-impaired persons to use personal computers.

Operating costs decline between FY86 and the 1989 biennium budget due to the elimination of the contract for the blind vendor program. The department discontinued the program in FY87.

The amount budgeted for benefits grows almost 18% over the actual FY86 expenditures for benefits. The increase is due to modifications passed by the 1985 Legislature and budgeted in the VR program with the intent that the funds could be allocated between VR and Visual Services. As noted in the VR narrative, legislative intent allows the transfer of benefit funds between VR and Visual Services in the 1989 biennium.

Table 1 shows the funding of operating and benefit costs by type of fund for FY86 and the 1989 biennium. General fund increases by about 14% from FY86 actual to FY88 budgeted expenses, with most of the growth occurring in the visual medical benefits. The general fund match for federal Section 110 monies also increases.

Table 1
Expenditure by Type of Funding
FY86 and 1989 Biennium

Type of Expenditure and Funding	FY86	FY88	FY89
Operating Expenses			
General Fund In-service			
Match	\$375	\$375	\$375
General Fund 110 Match	120,485	121,148	121,026
Federal Section 110 Funds	482,796	484,594	484,104
Federal In-service Funds	3,375	3,375	3,375
Subtotal Operating Expenses	\$607,031	\$609,492	\$608,880
Benefit Expenses			
General Fund 110 Match	\$54,571	\$63,380	\$63,380
General Fund Visual Medical	51,726	75,696	75,696
General Fund Extended Employment	14,673	14,673	14,673
Federal Section 110 Funds	218,285	253,518	253,518
Federal Job Training Partnership Act Funds	20,883	17,000	17,000
Subtotal Benefit Expenses	\$360,138	\$424,267	\$424,267
Total Operating and Benefit Costs	\$967,169	\$1,033,759	\$1,033,147
Total General Fund	\$241,830	\$275,272	\$275,150
Total Federal Funds	725,339	758,487	757,997
Total Funding	\$967,169	\$1,033,759	\$1,033,147

DEVELOPMENTAL DISAB PROGRAM Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	31.25	31.25	32.25	32.25
Personal Services	856,786.22	844,145	917,781	917,043
Operating Expenses	269,393.87	245,768	278,343	270,364
Equipment	7,452.60	0	1,607	1,773
Grants	0.00	16,605	0	0
Benefits and Claims	15,737,382.71	17,361,565	18,699,867	18,899,777
Total Program Costs	\$16,871,015.40	\$18,468,083	\$19,897,598	\$20,088,957
General Fund	3,479,454.68	5,434,711	5,557,805	5,783,366
Federal & Other Spec Rev Fund	13,391,560.72	13,033,372	14,339,793	14,305,591
Total Funding Costs	\$16,871,015.40	\$18,468,083	\$19,897,598	\$20,088,957
Current Level Services	16,871,015.40	18,468,083	19,897,598	20,088,957
Total Service Costs	\$16,871,015.40	\$18,468,083	\$19,897,598	\$20,088,957

Program Description

The Developmental Disabilities program exists to assure provision of quality services to developmentally-disabled citizens according to Title 53, chapter 20, MCA. An array of residential, vocational, family and other services are provided through contracts with local private non-profit corporations. Among those eligible to receive services are persons with mental retardation, cerebral palsy, epilepsy, autism, or those with neurologically handicapping conditions similar to mental retardation that occur prior to age eighteen.

Issues Addressed/Legislative Intent

The legislature approved additions to benefits for the developmentally disabled (DD) that were not included in the executive request. However, the legislature did not approve the recommendation in the governor's budget recommendation to build a specialized support services organization so the total increase in the 1989 biennium budget for the Developmental Disabilities Division (DDD) is less than the executive request.

The two benefit increases added by the legislature that were not included in the executive budget recommendation are

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an increase for reimbursement to providers of service to developmentally-disabled persons and an annual increase of \$50,000 general fund for supported employment outside a

sheltered workshop. Table 1 shows the funding of the rate increase.

Table 1
Provider Rate Increase
1989 Biennium

Funding	FY88	FY89
General Fund	\$239,953	\$541,823
Federal Funds	41,848	94,493
Total Funding	\$281,801	\$636,316

Although the rate increase was calculated at 2%, the actual increase to providers will be smaller. The legislature intended that if either the Social Services Block Grant (SSBG) or the Low-Income Energy Assistance Payment (LIEAP) grant is lower than the amount budgeted, that funds from the provider rate increase be used to offset the shortfall in the grant amount. The estimated grant amounts are \$9,289,720 in either year for the SSBG and \$1,103,548 each year of the biennium for the LIEAP grant. Some of the funding for the rate increase will be used to offset an expected reduction of \$65,762 in the LIEAP grant. After rate increase funding is used to offset the LIEAP payment reduction, the total rate increase will amount to 1.62% for FY88 and 3.66% for the biennium.

Both of these federal grants fund a portion of benefit costs, while the SSBG also funds a portion of operating costs. The

1985 Legislature allocated all the SSBG to the DDD budget, offsetting general fund. Previously the SSBG had been budgeted in programs throughout SRS. Ten percent of the LIEAP grant is transferred from the Assistance Payments program to DDD.

The legislature approved federal funding for an early intervention program to provide services to developmentally-disabled individuals up to two years old. The increase adds 1.0 FTE, operating costs, minor office equipment in FY88 and over \$300,000 in benefits each year of the biennium (see Table 2). During the 1989 biennium, the department will identify the population requiring early intervention services and the fiscal impact of providing such services. The findings will be presented to the 1989 Legislature.

Table 2
Early Intervention
1989 Biennium

Item	FY88	FY89
FTE	1.0	1.0
Personal Services	\$28,329	\$28,291
Operating Costs	6,270	6,270
Equipment	1,607	0
Advisory Council	5,148	5,148
Total Operating Cost	\$41,354	\$39,709
Benefits	\$489,896	\$335,291
Total Cost	\$531,250	\$375,000

The annual appropriation for benefits is about \$2.96 million higher than actual expenditures in FY86 due to the service expansion authorized by the 1985 Legislature. Table 2 shows the annualized number of service slots added each year. The slots were added throughout each year as contracts were signed with providers. The number of unduplicated clients receiving services increased by almost 100 between FY86 and FY87. The number of service slots grew by 270. The number of clients does not equally match the number

of slots because a slot represents a unit of service that may be utilized by more than one person. For instance, a transportation slot may provide services to several individuals.

The array of services shown in FY87 probably will be different than the allocation of slots in FY88. As the needs of a client change and as new persons enter the system, the mix of services is altered. The FY88 and FY89 allocation of services will differ from the estimated FY87 allocation.

Table 2
Expansion of DDD Services by Type of Service
FY86 Actual and FY87 Estimated

Item	FY86 Current Level	FY86 Expansion	FY87 Expansion	FY87 Total Slots
Adult Group Home	408	12	40	460
Intensive Group Home	76	6	6	88
Child Group Home	53	-	-	53
Transitional Living	241	8	51	300
Day Services	1,187	59	14	1,260
Specialized Family Care	41	18	14	73
Family Training	411	39	26	476
Respite	470	36	36	542
Supported Work	28	13	35	76
Evaluation and Diagnosis	302	8	7	317
Adaptive Equipment	270	-	-	270
Transportation	1,018	42	45	1,105
Total Services	4,505	241	274	5,020
Unduplicated Count of Clients Served	2,059	-	-	2,150

Source: Developmental Disabilities Division, January 28, 1987.

Note: The service slots in the table are annualized numbers. While some of the expansion slots may have been added part way through the year, such slots are shown as being available throughout the fiscal year.

The DDD program contracts with nonprofit organizations to provide the types of services listed in Table 2. There is a fee for service reimbursement system for some day services; however, other contracts for most services are negotiated individually and are based on actual cost.

Table 3 shows program funding by the amount budgeted for operating and benefits in the 1989 biennium. Operating costs are about \$60,000 higher in FY88 and in FY89 than actual FY86 expenditures, largely due to the addition of the early intervention program.

The implementation of an automated client assessment system also causes operating costs to increase—about \$17,000 in FY88 and about \$10,000 in FY89. While some client assessment system costs are funded by state and federal funds, the legislature directed the department to request funding from the Developmental Disabilities Planning and Advisory Council in FY88 for a portion of the costs (\$7,460).

The legislature also approved an increase of about \$5,000 annually in the amount budgeted for travel. Due to a combination of staff vacancies, base level travel was not representative of historical annual expenditures.

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Table 3
Appropriation for DDD by Fund Type and Function
1989 Biennium

Funding	FY88	FY89
Administration		
General Fund	\$279,841	\$280,458
Title XIX Federal	69,940	69,877
Title XX Federal	799,136	799,136
Early Intervention	41,354	39,709
DDD Planning Advisory Council	7,460	0
Total Administration	\$1,197,731	\$1,189,180
Benefits		
General Fund	\$5,277,964	\$5,502,908
Title XIX Federal	3,179,172	3,308,743
Title XX Federal	8,490,584	8,490,584
LIEAP	1,103,548	1,103,548
DD Conference	16,605	16,605
Early Intervention	489,896	335,291
Office of Public Instruction	142,098	142,098
Total Benefits	\$18,699,867	\$18,899,777
Total Appropriation	\$19,897,598	\$20,088,957
Total General Fund	\$5,557,805	\$5,783,366

The general fund allocated to benefits increases almost \$2.075 million from FY86 actual and about \$225,000 from FY88 to FY89. The increase from FY86 is due to the annualization of costs from the service expansion authorized by the 1985 Legislature and because a decrease in SSBG funds from FY87 to FY88 was offset by an increase in general fund. The growth from FY88 to FY89 is attributable to the provider rate increase.

The DD conference appropriation is for an annual training seminar sponsored by the division that is funded by registration fees. The appropriation from the Office of Public Instruction helps preschool-age developmentally-disabled children between the ages of 1 to 6 prepare for school.

Language in HB 2 prohibits the department from considering donated or nondepartmental contracted services funds obtained by DD providers when allocating or contracting state payments for DD services.

DEVELOPE DISAB ADVIS COUNCIL
Budget Detail Summary

	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	3.00	3.00	6.00	3.51
Personal Services	56,815.74	60,686	135,232	77,213
Operating Expenses	28,806.45	44,314	68,114	44,663
Equipment	4,284.14	0	250	100
Grants	0.00	195,000	0	0
Benefits and Claims	176,426.15	0	195,000	195,000
Total Program Costs	\$266,332.48	\$300,000	\$398,596	\$316,976
Federal & Other Spec Rev Fund	266,332.48	300,000	398,596	316,976
Total Funding Costs	\$266,332.48	\$300,000	\$398,596	\$316,976
Current Level Services	266,332.48	300,000	398,596	316,976
Total Service Costs	\$266,332.48	\$300,000	\$398,596	\$316,976

Program Description

The Montana State Developmental Disabilities Planning and Advisory Council (DDPAC) administers funds paid to

the State of Montana to make a significant contribution toward strengthening services for persons with developmental disabilities. In performing this mandate, DDPAC pro-

vides advice to the Governor's office, the department, other state agencies, local governments and private organizations on programs and services for persons with developmental disabilities. The council is provided for in sections 53-20-206 and 2-15-2204, MCA.

Issues Addressed/Legislative Intent

The Developmental Disability Planning and Advisory Council (DDPAC) is federally funded through the Developmental Disabilities Act of 1984. Montana receives the minimum grant award of \$300,000. No more than 35 percent of this grant may be spent on administration; at least 65 percent must be spent on benefits.

Program FTE double between FY86 actual and FY88 budgeted due to the approval of a modified budget request that allows the council to spend the remainder of grant funds approved in the budget amendment bill passed during the June Special Session. The Montana Employment Project for Persons with Developmental Disabilities is federally funded. The project objectives include: to establish of a single point of access for developmentally-disabled individuals for state services and to assist persons in gaining the least restrictive

and most beneficial vocational placement. Associated operating costs are included also. The project will end in August 1988.

Originally the advisory council had anticipated that contractors would be hired to perform the grant activities. However, the IRS determined that the level of supervision and provision of operating expenses such that the persons hired could not be independent contractors and must be employees of the state.

The 1985 Legislature authorized an additional FTE for this program with the understanding that the council could chose to fill the position at half time. The position has been filled at a .6 FTE, but continued as 1.0 FTE by the 1987 Legislature.

Language in HB 2 directs the council to expend grant funds for direct services. Some grants funded in FY86 were for the following purposes: employment projects, summer camp scholarships, parents' support conferences, long-range planning, epilepsy awareness, and dual diagnosis projects.

The legislature also approved increases in communications expenses and travel for members of the advisory council.

Agency Summary Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	554.88	554.88
Personal Services	0.00	0	13,024,185	13,041,242
Operating Expenses	0.00	0	2,681,133	2,700,289
Equipment	0.00	0	156,298	114,298
Benefits and Claims	0.00	0	14,907,289	15,007,783
Total Agency Costs	\$0.00	\$0	\$30,768,905	\$30,863,612
General Fund	0.00	0	20,051,496	20,124,606
State Special Revenue Fund	0.00	0	164,151	163,242
Federal & Other Spec Rev Fund	0.00	0	10,553,258	10,575,764
Total Funding Costs	\$0.00	\$0	\$30,768,905	\$30,863,612
Current Level Services	0.00	0	30,768,905	30,863,612
Total Service Costs	\$0.00	\$0	\$30,768,905	\$30,863,612

Agency Description

The Department of Family Services reorganizes youth and aging services from Social and Rehabilitation Services and the Department of Institutions into one agency. Agency services are aimed at strengthening family unity and providing the least restrictive living environment for persons.

The new department provides protective services for youth and adults who are abused or neglected. Youth services include intervention, counseling, foster care, protective day care, and Big Brothers and Big Sisters. Youth correctional institutions and youth aftercare programs are in the new agency as well.

Services provided to the aged include a variety of benefits to enhance persons self sufficiency and independence. Congregate meals, home-delivered meals, in-home services, and distribution of commodities are examples of such benefits.

Issues Addressed/Legislative Intent

The Governor proposed creation of a new department to coordinate youth and family services. The legislature adopted HB 325 establishing the Department of Family Services.

The Community Services Division was transferred from the Department of Social and Rehabilitation Services to the new department along with 9.5 FTE and operating costs from the Administrative and Support Services, and the Audit and Program Compliance programs. The total number of positions transferred from SRS is 350.62 FTE. Program functions transferred to the new department include foster care, home health, child abuse, domestic violence, Big Brothers and Big Sisters, subsidized adoption, Supplemental Security Income and aging services.

The new department includes various transfers from the Department of Institutions. Pine Hills School, including 118.77 FTE each year and operating expenses, is now part of the new department. Also transferred are the operating costs and 67.49 FTE each year for Mountain View School. The aftercare function and the Youth Evaluation Program

of the Corrections Division are part of the new department, too. There were 6.00 FTE and operating costs transferred with the aftercare function and 6.00 FTE and operating costs transferred with the Youth Evaluation program. Each of these transfers from the Department of Institutions are discussed in greater detail in the applicable program narrative for the Department of Family Services.

The legislature amended HB 325 to freeze county funding of the Community Services Division and foster care benefits at the FY87 level. As introduced, the bill would have halved county contributions above the FY87 expenditure for foster care. The provision to include probation officers in the new department was eliminated as well.

The executive budget recommendation deleted 15.8 FTE from the Community Services Division. However, the legislature reinstated and transferred the positions to the Eligibility Determination Program in SRS.

The legislature raised reimbursement rates 2% annually for foster care group homes, except foster families. The executive had recommended that all provider reimbursement rates be frozen. The rate increase will add \$103,425 in FY88 and \$208,919 in FY89 with general fund comprising \$76,535 and \$154,600 respectively. The rate increase is to be given to all providers in FY88. In FY89, the increase is to be applied to a revised rate structure developed jointly by providers and the department.

Language in HB 2 requires all departments that have appropriations for grants or contracts for services to individuals to develop written plans to coordinate with other agencies providing similar services. The plans are to be prepared with an emphasis on reducing the amount of grant or contract used for administrative costs and on maximizing the amount available for services. The plans are to be completed January 1, 1988 and submitted to the Legislative Finance Committee.

The legislature passed HB 870 which increases compensation for institutional teachers. The funding for these pay raises was allocated to the Director's Program of the Department of Institutions.

MANAGEMENT SUPPORT Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	15.50	15.50
Personal Services	0.00	0	448,008	447,592
Operating Expenses	0.00	0	280,549	277,399
Equipment	0.00	0	15,025	8,025
Total Program Costs	\$0.00	\$0	\$743,582	\$733,016
General Fund	0.00	0	469,696	463,954
Federal & Other Spec Rev Fund	0.00	0	273,886	269,062
Total Funding Costs	\$0.00	\$0	\$743,582	\$733,016
Current Level Services	0.00	0	743,582	733,016
Total Service Costs	\$0.00	\$0	\$743,582	\$733,016

Program Description

The Management Support function provides for the overall management and policy development of the department. Support services for the entire department are also provided which include administrative, fiscal, budget, and data processing. The Director's Office is part of this program.

Issues Addressed/Legislative Intent

The Management Support Program contains 15.5 FTE. Ten and one-half of these positions were transferred from the Department of Social and Rehabilitation (SRS), while 5.0 FTE are new administrative, management and clerical positions. The 10.5 FTE transferred from SRS include 6.5 positions from the Administrative and Support Services Program and 4.0 from Audit and Program Compliance Program.

Centralized services costs were shifted from SRS to the new department as well. In FY88 operating expenditures of \$89,466 were reduced in the SRS budget and in FY89 the reduction was \$89,630. These amounts were allocated to the new department. The appropriation for equipment includes office furniture and data and word processing computers for regional offices.

Because of the newness of the program, the subcommittee intended that the department have flexibility in transferring funds between budget categories.

The split between general and federal funds is based on historical experience in SRS. However, the actual funding mix will depend on a cost allocation study performed by the new department.

COMMUNITY SERVICES Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	341.12	341.12
Personal Services	0.00	0	8,011,129	8,007,113
Operating Expenses	0.00	0	1,144,065	1,147,327
Equipment	0.00	0	106,273	106,273
Benefits and Claims	0.00	0	14,907,289	15,007,783
Total Program Costs	\$0.00	\$0	\$24,168,756	\$24,268,496
General Fund	0.00	0	14,436,752	14,509,266
State Special Revenue Fund	0.00	0	89,000	89,000
Federal & Other Spec Rev Fund	0.00	0	9,643,004	9,670,230
Total Funding Costs	\$0.00	\$0	\$24,168,756	\$24,268,496
Current Level Services	0.00	0	24,168,756	24,268,496
Total Service Costs	\$0.00	\$0	\$24,168,756	\$24,268,496

Program Description

The primary and legally-mandated role of the Community Services Division is to provide protective services to ensure the health, welfare and safety of children, the developmentally

tally disabled and elderly who are in danger of abuse, neglect or exploitation. The division also provides supportive services to senior citizens to enable them to maintain their independence. Statutory authority for this program is provided in Title 53, chapters 4 and 5, MCA.

Issues Addressed/Legislative Intent

The Community Services Division was transferred from the Department of Social and Rehabilitation Services (SRS) to the new Department of Family Services. The program budget increases about \$1.3 million in FY88 and about \$1.4 million in FY89 above actual expenditures in FY86. Decreases in personal services costs are offset by increases in benefits, equipment, and operating expenses (See the SRS budget for detail regarding FY 86 expenditures.).

The legislature adopted a 2% rate increase for residential foster care providers, except foster families. The cost of the rate hike is \$103,425 in FY88 and \$208,919 in FY89. General fund comprises \$76,535 and \$154,600 respectively of those amounts. The increase is to be applied across the board to all providers in FY88. However, in FY89 the increase is to be applied using a revised reimbursement system considered jointly by the department and providers.

Program staff positions decline by 34.05 FTE from 375.6 actual FTE in FY86 to 341.55 FTE authorized by the legislature in FY88. SRS deleted 20.99 FTE homemaker positions in order to meet the FY87 unfunded portion of the pay plan and the 5% cut. Portions of positions of county directors and clerical staff totalling 15.8 FTE were transferred by the legislature to the Eligibility Determination Program in SRS. The decrease in staff is offset by twelve new social worker positions that were added incrementally in FY86 as authorized by the 1985 Legislature. The net effect of these changes cause personal services to decrease about \$308,000 from FY86 actual to FY88 and \$312,000 between FY86 actual and the FY89 appropriated amount.

Most operating costs were held at FY86 actual expenditures. Contracted services was increased \$45,000 annually so that the new department can contract with SRS to continue to provide distribution of food commodities. The increase does not represent an expansion of services.

The equipment budget is for office furniture, computer equipment and software for local and regional offices. The subcommittee intended that the department be allowed flexibility in transferring funds between operating categories.

Table 1 shows the appropriation for benefits in this program. The FY88 appropriation is about \$1.5 million greater than actual FY86 benefit expenditures and about \$1.6 million in FY88. The growth between fiscal years is due to the 2% increase in provider rates. Most of the increase in funding is in state monies.

Table 1
Actual and Budgeted Expenditures for Community Services
Benefits
FY86 Actual and 1989 Biennium

Benefit	FY86 Actual	FY88 Budgeted	FY89 Budgeted
West Yellowstone	\$7,150	\$7,150	\$7,150
Special Needs Adoption	15,856	0	0
Children's Trust Fund	0	89,000	89,000
Home Health	30,035	15,047	15,047
Legal	50,000	0	0
Family Crisis	0	50,000	50,000
Child Abuse	98,395	81,617	81,617
Domestic Violence	131,404	135,700	135,700
Subsidized Adoption	147,920	175,531	175,531
Refugee	180,941	200,000	200,000
Big Brothers/Big Sisters	217,301	162,570	162,570
Alcohol and Drug	201,286	205,000	205,000
Day Care	390,103	418,761	418,761
SSI	819,500	919,790	919,790
Aging	4,177,728	4,579,744	4,574,744
Foster Care	6,941,167	7,881,379	7,986,873
Total Benefits	\$13,408,786	\$14,921,289	\$15,021,783
General Fund	\$6,514,776	\$7,516,081	\$7,589,146
State Special Revenue	0	89,000	89,000
County Funds	1,164,764	1,183,494	1,190,520
Federal Funds	\$5,729,246	6,132,714	6,153,117
Total Funding	\$13,408,786	\$14,921,289	\$15,021,783

Three benefit appropriations are linked to revenues that are deposited to the general fund, but intended to fund the cost of programs within Community Services. The appropriation for Big Brothers and Big Sisters is tied to dissolution of marriage fees. The domestic violence program funding is tied to marriage license fees. The subcommittee adopted an amount for alcohol and drug counseling based on revenue expected to be raised by a \$.30 tax per barrel of beer.

The Children's Trust Fund is supported by income tax checkoff donations and a portion of dissolution of marriage fees. The appropriation of \$89,000 is the expected income.

The home health contract with Lewis and Clark County was reduced as part of the FY87 cuts made by the June 1986 Special Session. The legal services contract to assist low-income persons was discontinued for the same reason.

Family crises, child abuse and refugee benefits are 100% federally funded. The appropriations are set at the expected grant level. The family crises appropriation was added by budget amendment approved during the session.

Subsidized adoption assists families who adopt children with special needs. The program funding is a combination of general and federal funds. If a child is eligible for federal Title IV-E funding, the federal government pays about 38% of the cost, otherwise the payments are 100% general fund. The subcommittee intended that the department continue a policy of accepting only IV-E eligible children into the program.

Day care provides services to abused and neglected children as an alternative to foster care. Program funding is a combination of state and federal funds, with 67% of the appropriation funded by general fund. Payment of day care services depends on the family income of eligible children. If families are in the Aid to Families with Dependent Children (AFDC) program or in the refugee program, the federal government will pay part of the costs. If families do not qualify for either of those programs, payment is 100% general fund.

The Supplemental Security Income (SSI) benefit is a state-funded supplement to federal SSI. The state supplement is intended to help people remain in the community rather than being placed in an institution. The amount of the payment depends on the type of residence in which an individual lives. For instance, a monthly payment of \$26.00 is made to individuals living in a developmental disability (DD) semi-independent living home while a person living in a DD group home receives \$94.00 per month. State SSI benefits rise due to the expansion in services of the Developmental Disabilities Division of SRS that was authorized by the 1985 Legislature. SSI is funded entirely by general fund. The subcommittee intended that the department reduce the SSI payment if allowable according to federal law and revert general fund.

Aging services include a variety of services such as legal advocacy, congregate meals, home-delivered meals, training volunteers, and state-wide coordination of all services. The department contracts with 11 regional Area Agencies on Aging to provide the services. The legislature added \$30,000 general fund per year to increase in-home services to the elderly. The FY88 \$5,000 appropriation for the Legacy Legislature was moved to in-home services as well. The state grant for federal aging grant funds equals 5.88% of the grant.

Table 2 shows the foster care appropriation including the rate increase and a modified budget request for \$250,000 in total funds. The modified is to provide community-based services in order to avoid more costly group home placements. The cost of foster care has grown because the average cost per child for intensive residential-care services has increased.

Table 2
Foster Care Budget Recommendation
FY86 Actual and FY87, FY88 and FY89
Appropriation

Funding	Actual Appropriation		Appropriation
	FY86	FY88	FY89
State	\$4,150,089	\$5,030,368	\$5,108,433
County	1,164,764	1,183,494	1,190,520
Federal	1,626,314	1,667,517	1,687,920
Total	<u>\$6,941,167</u>	<u>\$7,881,379</u>	<u>\$7,986,873</u>

Other Appropriation Bills

HB 460 increases the fee for dissolution of marriage from \$30 to \$100. The subcommittee intent is that part of the increase from this revenue source is to fund the Big Brothers and Big Sisters program.

HB 740 directs that 1% of the fines, penalties, forfeitures, and fees collected in a justice court be deposited to a special revenue account for the battered spouses and domestic violence grant program.

HB 679 allocates 50% of fines imposed for domestic abuse, except for fines collected by a justice court, to a state special revenue fund for use in the battered spouses and domestic violence grant program. The bill does not create a state special revenue fund for such income and does not provide an appropriation. The fiscal note for the bill estimated that state revenues of \$19,750 would be collected in FY88 and \$21,750 would be collected in FY89. The fiscal note estimated that county general fund revenues would decline by a like amount.

SB 17 requires the director to appoint a qualified employee of the department to be an Indian child welfare specialist. The specialist is to develop Indian foster homes and other Indian placement sources and to provide technical advice to tribal, state, and county agencies and to district courts.

SB 256 allows the department to charge a fee for custody investigations. The fee is to be reasonable and shall be paid according to the final court order.

SB 361 directs the department to develop a comprehensive plan for services for emotionally-disturbed children to be presented to the 51st Legislature and each regular session thereafter. The department must recommend a comprehensive service delivery system for emotionally-disturbed children including a plan for gradual implementation of the system.

MOUNTAIN VIEW Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	67.49	67.49
Personal Services	0.00	0	1,534,255	1,542,845
Operating Expenses	0.00	0	320,563	327,386
Equipment	0.00	0	3,000	0
Total Program Costs	\$0.00	\$0	\$1,857,818	\$1,870,231
General Fund	0.00	0	1,733,990	1,747,299
State Special Revenue Fund	0.00	0	15,982	14,982
Federal & Other Spec Rev Fund	0.00	0	107,846	107,950
Total Funding Costs	\$0.00	\$0	\$1,857,818	\$1,870,231
Current Level Services	0.00	0	1,857,818	1,870,231
Total Service Costs	\$0.00	\$0	\$1,857,818	\$1,870,231

Program Description

The staff at Mountain View School has the responsibility to properly diagnose, care for, train, educate, and rehabilitate female youth between the ages of 10 and 21 years who have been committed by the courts. A 45-day evaluation program is provided. Each youth is provided with an individualized education program, as well as diagnostic and treatment services. The facility is provided for in 53-30-202, MCA.

Issues Addressed/Legislative Intent

The legislature passed HB 325 which reorganized youth service programs throughout the state into the Department of Family Services. The entire Mountain View School program is transferred from the Department on Institutions to the new department.

The legislature also passed HB 870 which increases compensation for institutional teachers.

The legislature approved the executive recommendation to delete 1.8 FTE to meet the FY87 unfunded pay plan and other actions of the June Special Session of the 49th Legislature. The positions deleted were a .72 FTE maintenance worker II, a .50 FTE cook, a .22 FTE teacher, a .36 FTE nursing teacher. This reduction was a savings of over \$39,000 each year. The legislature chose to apply a 1% vacancy savings factor to direct care staff and a 4% factor to non-direct care staff.

This agency was budgeted for an average daily population (ADP) of 45 for the 1987 biennium. However, the school's ADP during FY86 was 55.64. This ADP had risen to 61 during the early part of FY87.

In order to address the rising population problem, the legislature accepted the executive recommendation to increase funding for additional personal services and operating costs for an ADP of 70 female offenders. Included in this modification was enough staffing and operational funds to open the Aspen cottage which has been vacant for some time. This cottage will house 14 residents. It is intended that these residents will be the most trusted at the school and only single coverage staffing will be required for their supervision.

Consequently, 4.80 FTE were authorized to cover one post to staff the Aspen cottage. These FTE costs are \$84,086 in FY88 and \$85,235 in FY89. The approved operating expenses for the modification is \$27,399 each year. This

modification is funded with general fund amounting to \$111,485 in fiscal 1988 and \$112,634 in fiscal 1989.

The total housing capacity at the school will now be 73 even though the legislature budgeted for an ADP of 70. The capacity of each cottage at the school can be summarized as follows:

<u>Cottage</u>	<u>Capacity</u>
Spruce	25
Maple	25
Cottonwood	9
Aspen	14
Total	73

The 1989 biennial budget does not include the 5.16 FTE and the operating expenses for the youth detention center established during the 49th Legislature. During the June Special Session of the 49th Legislature, this center was eliminated due to under utilization.

In terms of total operational expenses, the legislature approved \$320,563 in FY88 and \$327,386 in FY89, a 28% increase over the FY86 expenditure level of \$250,646. The additional operational expenses for the population increase are part of this increase. Also, there is an increase of \$22,781 each year for medical expenses which were transferred from the corrections medical program of the Department of Institutions. The audit fees of \$9,240 remain in the Mountain View School budget.

Other operation budget increases include a janitorial contract for \$9,619, an increase for psychiatric consultations of \$1,370 each year, an insurance and bonds increase of \$1,401, and an additional \$12,000 for goods purchased for resale to assure adequate canteen operational authority.

The legislature authorized a biennial appropriation of \$3,000 for equipment. The equipment purchases are to be made at management's discretion.

The general fund constitutes the majority of the Mountain View School budget and is authorized at \$1,733,990 in FY88 and \$1,747,299 in FY89. There is state special revenue of \$15,982 in FY88 and \$14,982 in FY89. Included in the state special revenue is \$12,982 each year of canteen funds. It also contains \$3,000 in FY88 and \$2,000 in FY89 for donations. The federal funds total \$107,846 in FY88 and \$107,950 in FY89. These funds consist of \$10,000 each year for federal boarder reimbursements, school foods of

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\$58,704 each year and Title I education funds of \$39,142 in FY88 and \$39,246 in FY89.

The following tables show the statistical trends in program costs, female offender population and staffing.

Table I
Mountain View School
Statistical Data

	<u>FY82 Actual</u>	<u>FY83 Actual</u>	<u>FY84 Actual</u>	<u>FY85 Actual</u>	<u>FY86 Actual</u>	<u>FY87 To Date</u>	<u>FY88 Author- ized</u>	<u>FY89 Author- ized</u>
Average Daily Popu- lation	33.97	35.79	38.68	48.20	55.64	61	70*	70
Total Staff Authorized	68.00	67.71	64.05	64.05	64.49	64.49	67.49	67.49
Variable Cost/Res Per Day	\$9.06	\$9.74	\$9.08	\$7.37	\$5.84			
Fixed Cost/Res Per Day	\$107.90	\$112.09	\$99.56	\$83.56	\$81.51			
Total Cost/Res Per Day	\$116.96	\$121.83	\$108.64	\$90.93	\$87.35	\$73.65	\$72.08**	\$72.61
Average Stay (months)	8.70	9.10	10.40	9.90	9.70			

* The ADP levels for FY88-FY89 are based upon authorized levels. Actual ADP levels fluctuate throughout each fiscal year and cannot be determined until each fiscal year ends.

** The total cost per resident day for FY88-FY89 is based upon authorized level of ADP and staff. These costs could decrease depending upon actual ADP experienced, actual expenditures, reversions or cost savings achieved.

Table II
Mountain View School
Authorized FTE Level

	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>
Educational	11.27	11.27	10.69	10.69
Direct				
Cottage Life Attend I	17.00	17.00	21.80	21.80
Cottage Life Attend II	3.00	3.00	3.00	3.00
Security Guard III	4.00	4.00	4.00	4.00
Nurse, Prof I	1.00	1.00	1.00	1.00
Nurse, Prof II	0.50	0.50	0.50	0.50
Total Direct	25.50	25.50	30.30	30.30
Other	27.72	27.72	26.50	26.50
Total FTE	64.49	64.49	67.49	67.49

PINE HILLS Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	118.77	118.77
Personal Services	0.00	0	2,752,609	2,765,573
Operating Expenses	0.00	0	666,022	678,243
Equipment	0.00	0	2,000	0
Total Program Costs	\$0.00	\$0	\$3,420,631	\$3,443,816
General Fund	0.00	0	2,835,740	2,858,834
State Special Revenue Fund	0.00	0	59,169	59,260
Federal & Other Spec Rev Fund	0.00	0	525,722	525,722
Total Funding Costs	\$0.00	\$0	\$3,420,631	\$3,443,816
Current Level Services	0.00	0	3,420,631	3,443,816
Total Service Costs	\$0.00	\$0	\$3,420,631	\$3,443,816

Program Description

The staff at Pine Hills School provides residential services for male youth between the ages of 10 and 21 years who have demonstrated a need for intensive correctional attention. The institution's programs address statutory demands to properly diagnose, care for, train, educate, and rehabilitate children in need of these services. The staff also provides 45-day evaluation for boys referred by the youth courts. The primary mission of the school is to address these needs in the most effective and expeditious manner in an effort to return the student to a non-institutional environment. The facility is provided for in 53-30-202, MCA.

Issues Addressed/Legislative Intent

The legislature passed HB325 which reorganized youth service programs and agencies throughout the state into the Department of Family Services. The entire Pine Hills School agency has been transferred from the Department of Institutions to the new department.

The legislature also passed HB 870 which increases compensation for institutional teachers.

In order to meet the unfunded pay plan and other actions of the June Special Session of the 49th Legislature, the legislature adopted the executive recommendation to delete 3.00 FTE from this budget. The positions deleted are a 1.00 FTE stock clerk, a 1.00 FTE maintenance worker II and a 1.00 FTE cook I position. This action saves over \$58,000 each year in general fund. In other personal services action, the

legislature applied a 1.7% vacancy savings rate to direct care staff and a 4% rate to non-direct care staff.

The Pine Hills School has been coping with a rising average daily population (ADP) at their facility. They were budgeted for 88 residents in the 1987 biennium. In FY86, the ADP rose to 119.9 residents with an average length of stay of nine months. As of April 1987, there is an ADP of 138.7 residents at the Pine Hills School.

In order to address the rising population needs, the legislature approved the executive's recommendation to budget for an ADP of 130 residents for the 1989 biennium. Included in this recommendation is the addition of 4.80 FTE costing \$84,947 in FY88 and \$85,235 in FY89. Also, operational costs were increased by \$17,427 in FY88 and \$17,845 in FY89 to help meet the costs of the rising population.

There are medical costs of \$44,987 in general fund each year transferred to Pine Hills from the corrections medical program of the central office of the Department of Institutions. These costs represent \$41,923 for the current level population and \$3,064 for the additional population at the school.

The legislature adopted the executive estimated resources of \$300,000 each year for interest and income earnings. Although the oil and gas leases have been declining, the trust and legacy interest income earnings have been increasing. As the following table shows, the total revenues collected have averaged over \$300,000 during the FY82 through FY87 period.

Table 1
Pine Hills School
Interest & Income
Account

	FY87 (EST)	FY86	FY85	FY84	FY83	FY82
Grazing Rentals	35,000	35,799	36,632	46,833	45,900	51,547
Agriculture Rentals	14,000	22,190	16,032	17,561	11,117	17,100
Oil & Gas Leases	35,000	68,261	80,830	80,154	85,922	111,839
Non-Drilling Penalties	45,000	74,557	64,386	26,403	22,116	18,928
Talc Lease	0	242	1210	242	236	236
Gold Lease	0	113	0	0	0	0
Misc Forestry Div Leases	468	468	468	933	127	177
Cabin Site Leases	3,750	3,750	3,750	4,110	3,203	4,392
Seismic Exploration	0	75	2,225	1,478	1,337	271
Oil & Gas Bonuses	660	25,940	70	12,670	0	0
Land Contract Interest	1,430	57	361	370	381	396
I & I Investment Earnings	155,123	154,079	135,264	120,704	102,084	88,599
*****Total Revenue	<u>290,431</u>	<u>385,531</u>	<u>341,228</u>	<u>311,458</u>	<u>272,423</u>	<u>293,485</u>
*****Appropriation	275,000	275,000	275,000	275,000	300,000	300,000

Pine Hills has funding from the general fund, state special revenues, and federal and private revenue. The general fund constitutes most of this program's budget and is approved at \$2,835,740 in FY88 and \$2,859,834 in FY89. The state special revenue totals \$59,169 in FY88 and \$59,260 in FY89.

The state special revenues consist of: alcohol funds of \$29,669 in FY88 and \$29,760 in FY89 which provides for a 1.00 FTE alcohol counselor position, donations of \$4,500 each year, and canteen funds of \$25,000 each year.

The federal and private funds consists of: \$300,000 in Interest and Income earnings each year, \$54,020 each year for federal boarder reimbursements, \$90,000 each year for school foods, \$80,802 each year for Title I education funds, and \$900 each year for Title IV education funds.

The legislature authorized a biennial appropriation of \$2,000 for equipment which is to be purchased at the discretion of management.

The following tables show the statistical trends in program costs, inmate population and staffing.

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Table 2
Pine Hills School
Statistical Data

	<u>FY82 Actual</u>	<u>FY83 Actual</u>	<u>FY84 Actual</u>	<u>FY85 Actual</u>	<u>FY86 Actual</u>	<u>FY87 To Date</u>	<u>FY88 Author- ized</u>	<u>FY89 Author- ized</u>
Average Daily Popu- lation	91.47	99.31	87.94	98.53	119.99	128	130*	130
Total Staff Authorized	124.87	119.34	113.75	113.75	116.97	116.97	118.77	118.77
Variable Cost/Res Per Day	\$7.51	\$6.73	\$7.99	\$7.29	\$5.56			
Fixed Cost/Res Per Day	\$74.03	\$75.22	\$86.11	\$80.36	\$67.25			
Total Cost/Res Per Day	\$81.54	\$81.95	\$94.10	\$87.65	\$72.81	\$68.39	\$71.46**	\$71.95
Average Stay (months)	8.70	8.70	9.00	8.80	8.80			

* The ADP levels for FY87-FY89 are based upon authorized levels. Actual ADP levels fluctuate throughout each fiscal year and cannot be determined until each fiscal year ends.

** The total cost per resident day for FY88-FY89 is based upon authorized level of ADP and staff. These costs could decrease depending upon actual ADP experienced, actual expenditures, reversions or cost savings achieved.

Table 3
Pine Hills School
Authorized FTE Level

<u>Item</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>
Educational	19.13	19.13	19.13	19.13
Direct:				
Cottage Life Attendant I	34.50	34.50	39.30	39.30
Cottage Life Attendant II	4.00	4.00	4.00	4.00
Security Guard	6.00	6.00	6.00	6.00
Transportation/Security Guard	1.00	1.00	1.00	1.00
Nurse, Prof I	2.00	2.00	2.00	2.00
Nurse, Prof 2	1.00	1.00	1.00	1.00
Total Direct:	48.50	48.50	53.30	53.30
Other:	49.34	49.34	46.34	46.34
Total F.T.E.	116.97	116.97	118.77	118.77

AFTER CARE SERVICES Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	6.00	6.00
Personal Services	0.00	0	158,062	158,116
Operating Expenses	0.00	0	243,764	243,764
Equipment	0.00	0	30,000	0
Total Program Costs	\$0.00	\$0	\$431,826	\$401,880
General Fund	0.00	0	429,026	399,080
Federal & Other Spec Rev Fund	0.00	0	2,800	2,800
Total Funding Costs	\$0.00	\$0	\$431,826	\$401,880
Current Level Services	0.00	0	431,826	401,880
Total Service Costs	\$0.00	\$0	\$431,826	\$401,880

Program Description

The Aftercare program provides community supervision for youths who are released from correctional facilities or committed by the courts. The mission of aftercare is to assist youths adjudicated as juvenile delinquents or youth in need of supervision to become well-adjusted, productive members of society. Four aftercare group homes are operated to provide less restrictive alternatives to institutional placement of youthful offenders.

Issues Addressed/Legislative Intent

The legislature passed HB 325 which places state youth services under the new Department of Family Services. Included in the new department is the aftercare services for youth who have been under the Corrections Division of the Department of Institutions up to this point.

The transfer of the aftercare function to the new department places 6.00 FTE aftercare counselor positions and an average daily population of 26 youth. The cost of these personal services is \$158,062 in FY88 and \$158,116 in FY89. The legislature approved an operational budget of \$243,764 in each year.

The legislature authorized a biennial appropriation of \$30,000 for the purchase of new equipment. The legislature did not approve specific items of equipment but most of their discussion was over the purchase of vans for the group homes. The existing vans are over ten years old.

This program is almost entirely funded with general fund. The authorized general fund is \$429,026 in FY88 and \$399,080 in FY89. However, there is \$2,800 each year of interest and income. This interest and income money is placed under the federal and private revenue account.

YOUTH EVALUATION Budget Detail Summary	Actual FY 1986	Budgeted FY 1987	Appropriated FY 1988	FY 1989
Full Time Equivalent Employees	.00	.00	6.00	6.00
Personal Services	0.00	0	120,122	120,003
Operating Expenses	0.00	0	26,170	26,170
Total Program Costs	\$0.00	\$0	\$146,292	\$146,173
General Fund	0.00	0	146,292	146,173
Total Funding Costs	\$0.00	\$0	\$146,292	\$146,173
Current Level Services	0.00	0	146,292	146,173
Total Service Costs	\$0.00	\$0	\$146,292	\$146,173

Program Description

The Youth Evaluation Program provides 45-day evaluation of youths aged 10-17 who have been referred by the youth court system. These services are provided in a less restrictive environment than that of Montana's youth correctional institutions. Program clientele are typically younger minor offenders having little experience with the juvenile justice system.

Issues Addressed/Legislative Intent

The legislature passed HB 325 which places youth services provided by the state under the new Department of Family Services. The entire youth evaluation program is transferred to the new department from the Corrections Division of the Department of Institutions.

The transferred budget provides for 6.00 FTE who are to serve an average daily population of six youth. The posi-

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tions include 4.00 FTE cottage life attendants, 1.00 FTE program officer, and a 1.00 FTE social worker.

The entire program is funded with general fund and there were no budget issues. Basically, the legislature adopted the current level budget.

The following tables show the statistical trends in program costs, offender population and staffing.

Table I
Youth Evaluation Program
Statistical Data

Factor	FY82 Actual	FY83 Actual	FY84 Actual	FY85 Actual	FY86 Actual	FY87	FY88	FY89
Average Daily Population	5.1	5.9	5.5	5.1	5.2	5.5*	5.2	5.2
Total Staff Authorized	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
FTE/Resident	1.17	1.00	1.04	1.11	1.10			
Variable Cost/Resident/Day	\$5.26	\$4.84	\$4.64	\$4.83	\$4.32			
Fixed Cost/Resident/Day	\$67.68	\$64.60	\$70.98	\$77.42	\$74.42			
Total Cost/Resident/Day	\$72.94	\$69.44	\$75.62	\$82.25	\$78.74	\$68.83**	\$76.07	\$77.01
Average Length of Stay (days)	37.4	41.0	40.9	35.7	32.0			

* The ADP levels for FY87-FY89 are based upon authorized levels. Actual ADP levels fluctuate throughout each fiscal year and cannot be determined until each fiscal year ends.

** The total cost per resident day for FY87-FY89 is based upon authorized level of ADP and staff. These costs could decrease depending upon actual ADP experienced, actual expenditures, reversions or cost savings achieved.

Table II
Youth Evaluation Program
Authorized FTE Levels

Youth Evaluation Program	FY86	FY87	FY88	FY89
Direct	4.00	4.00	4.00	4.00
Education	0	0	0	0
Other	2.00	2.00	2.00	2.00
Total	6.00	6.00	6.00	6.00

AGENCY INDEX

Adjutant General.....	341	Swan River Youth Forest Camp	288
Administration, Department of.....	235	Veteran's Home	290
Agriculture, Department of	257	Youth Treatment Center	295
Arts Council	133	Judiciary	11
Commerce, Department of	296	Justice, Department of	64
Commissioner of Political Practices	25	Labor and Industry, Department of	323
Consumer Counsel	10	Lands, Department of State	199
Crime Control, Board of	60	Legislative Auditor	1
Deaf and Blind, School for the	129	Legislative Council	3
Environmental Quality Council	8	Legislative Fiscal Analyst	2
Family Services	378	Library Commission	136
Fire Services Training School	151	Livestock, Department of	205
Fish, Wildlife and Parks, Department of	152	Natural Resources and Conservation, Department of	212
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Health and Environmental Sciences, Department of	162	Public Employees Retirement System	253
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Eastmont Human Services Center	277	Superintendent of Public Instruction	32
Montana Developmental Center	273	Teachers Retirement System	254
Montana State Hospital	292	University System	93
Pardons, Board of	294	Board of Regents	150
Prison, State	281	Commissioner of Higher Education	84
		Vocation-Technical Centers	41
		Vocational Education, Advisory Council for	142

HOUSE BILL NO. 2

INTRODUCED BY DONALDSON

BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "THE GENERAL APPROPRIATIONS ACT OF 1987 FOR THE APPROPRIATION OF MONEY TO VARIOUS STATE AGENCIES FOR THE BIENNIUM ENDING JUNE 30, 1989, AND PROVIDING FISCAL 1987 SUPPLEMENTAL APPROPRIATIONS TO FUND IMPLEMENTATION COSTS OF LEGISLATION ENACTED BY THE 50TH LEGISLATURE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

(Refer to Introduced Bill)

Strike everything after the enacting clause and insert:

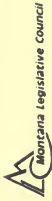
Section 1. Title. This act may be cited as "The General Appropriations Act of 1987".

Section 2. Definitions. For the purposes of this act, unless otherwise stated, the following definitions apply:

(1) "Agency" means each state office, department, division, board, commission, council, committee, institution, university unit, or other entity or instrumentality of the executive branch, office of the judicial branch, or office of the legislative branch of state government.

(2) "Approving authority" means the governor or his designated representative for executive branch agencies; the chief justice of the supreme court for judicial branch agencies; appropriate legislative committees for legislative branch agencies; or the board of regents or its designated representative for the university system.

(3) "University system unit" means the board of regents, office of the commissioner of higher education, university of Montana at Missoula, Montana state university at Bozeman, Montana college of mineral science and technology at Butte, eastern Montana college at Billings, northern Montana college at Havre, western Montana college at Dillon, the agricultural experiment station with central offices at Bozeman, the cooperative extension service with central offices at Bozeman, the forestry and conservation experiment station with central offices at Missoula, or the bureau of mines and geology with central offices at Butte.



REFERENCE BILL: Includes Free
Conference Committee Report #142
Dated 4-23-87

Section 3. Other funds to offset general fund. The approving authority shall decrease the general fund appropriation of the agency by the amount of funds received from other sources in excess of the appropriation provided in this act unless such action is expressly contrary to state or federal law, rule, or contract or unless the approving authority certifies that the services to be funded by the additional funds are significantly different from those for which the agency has received a general fund appropriation. IF THE GENERAL FUND APPROPRIATION OF AN AGENCY IS DECREASED PURSUANT TO THIS SECTION, THE APPROPRIATION FOR THE FUND IN WHICH EXCESS FUNDS ARE RECEIVED IS INCREASED IN THE SAME AMOUNT AS THE GENERAL FUND IS DECREASED.

Section 4. Expenditure limit. Expenditures may not exceed appropriations.

Section 5. Budget requests. (1) Sufficient funds are appropriated in this act to enable each agency to submit its 1991 biennial budget request to the budget director and the legislative fiscal analyst pursuant to the time schedule established in 17-7-112(1). If any agency fails to submit its final, complete budget request by the deadlines established in 17-7-112(1), the expenditure authority granted in this act must be reduced or rescinded by the budget director unless the agency director certifies that an emergency situation has precluded a timely budget presentation and the budget director approves an extension of the deadlines, not to exceed 30 days.

(2) Employees added through the appropriation of federal or state special revenues or proprietary funds in this act may not be included in the current level budget presented to the 1989 legislature if their continued employment requires general fund support.

Section 6. Detailed budget information. Within 2 days after submission of the preliminary executive budget to the legislative fiscal analyst, the budget director shall give the legislative fiscal analyst the preliminary expenditure recommendations by object of expenditure to the second level of detail and by funding source detailed by accounting entity. Within 1 day after the legislative finance committee presents the budget analysis to the 51st legislature, the budget director and the legislative fiscal analyst shall mutually exchange expenditure recommendations by object of expenditure to the second level of detail and by funding sources detailed by accounting entity. This final information must be filed in the respective offices and available to members of the legislature and the general public.

Section 7. Operating budget. (1) Expenditures by a state agency must be made in substantial compliance with an

operating budget approved by an approving authority as defined in 17-7-401. Substantial compliance means that no category in the approved operating budget may be exceeded by more than 5%. Appropriations are contingent upon approval of the operating budget by August 1 of each fiscal year. An approved original operating budget must comply with legislative intent as expressed in state law and legislative statements of intent. Legislative intent for the general appropriations act includes a formally adopted narrative that accompanies the act.

(2) Each operating budget must include expenditures for each agency program, detailed at least by the categories of personal services, operating expenses, equipment, benefits and claims, grants, transfers, and local assistance. Each agency shall record its operating budget and any approved changes on the statewide budget and accounting system. Forms used for changing an operating budget must reference the current fully completed and approved operating budget, show the proposed changes to the operating budget, and reference any other pending documents to change the operating budget.

Section 8. Program transfers. Unless prohibited by this act or by statute, the approving authority may approve agency requests to transfer appropriations between programs within each fund type within each fiscal year. The transfer amount may not exceed 5% of the total agency appropriation. All program transfers must be completed within the same fund from where the transfer originated. A request for a transfer accompanied by a justification explaining the reason for the transfer must be submitted by the requesting agency to the approving authority and the legislative fiscal analyst. Upon approval of the transfer, the approving authority shall inform the fiscal analyst of the approved transfer and the justification for the transfer.

Section 9. Reduction of appropriation. In the event of a shortfall in revenue, the governor may reduce any or all appropriations. No appropriation may be reduced by more than 15%. The following appropriations may not be reduced:

- (1) payment of interest and retirement of state debt;
- (2) the legislative branch;
- (3) the judicial branch;
- (4) school foundation program, including special education; or
- (5) salaries of elected officials during their terms of office.

SECTION 10. PLANS FOR COORDINATING SERVICES. (1) PRIOR TO USING MONEY APPROPRIATED IN THIS ACT FOR GRANTS OR

A. GENERAL GOVERNMENT AND HIGHWAYS

	Fiscal 1988				Fiscal 1989			
	General Fund	State Revenue	Special Revenue	Federal Special	State Revenue	Special Revenue	Federal Special Revenue	Total
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								

	Fiscal 1988				Fiscal 1989			
	State		Federal		State		Federal	
1								
2								
3	General	Special	Revenue	Special	General	Special	Revenue	Special
4	Fund	Revenue	Revenue	Revenue	Fund	Revenue	Revenue	Revenue
5	1. Operations							
6								
7								
8								
9	2. Consultants							
10								
11								
12	Total							
13								
14								
15								
16	Item 2 is a biennial appropriation.							
17	LEGISLATIVE COUNCIL							
18	1. Operations							
19								
20	2. Montana Code Annotated							
21	a. Operations							
22								
23	b. Transfer to General Fund							
24								
25	3. NCSL Dues							

	Fiscal 1988				Fiscal 1989			
	State		Federal		State		Federal	
	General	Special	General	Special	Special	Special	Revenue	Revenue
	Fund	Revenue	Fund	Revenue	Revenue	Proprietary	Proprietary	Total
1								
2								
3								
4								
5								
6	4.	CSG Dues	22,561					22,561
7		20,150						20,150
8	5.	NCSL and CSG Travel						20,750
9		37,588						37,588
10		30,000						30,000
11	6.	Interim Studies						20,000
12		20,000						20,000
13	7.	Forestry Task Force						8,000
14		8,000						8,000
15	8.	Revenue Oversight Committee						95,888
16		35,888						30,000
17		30,000						14,000
18	9.	Administrative Code Committee						5,888
19		14,000						4,100
20	18.	Capitol-Bidding-and-Planning						20,000
21		5,888						
22	10.	Five-State Biennial Conference						
23		4,100						
24	11.	Statewide Issues						
25		20,000						

	Fiscal 1988				Fiscal 1989			
	General	State	Special	Federal	General	State	Special	Federal
	Fund	Revenue	Revenue	Revenue	Fund	Revenue	Revenue	Revenue
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
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19								
20								
21								
22								
23								
24								
25								

	Fiscal 1988				Fiscal 1989			
	General	State	Federal		State	Federal		
	Special	Special	Special		Special	Special		
	Revenue	Revenue	Revenue		Revenue	Revenue		
	Fund	Revenue	Proprietary	Total	Fund	Proprietary	Total	
1	245,947			245,947	244,884		244,884	
2	243,618			243,618	239,609		239,609	
3	2. Water Policy Committee							
4		426,288		426,288				
5		26,288		26,288				
6		101,200		101,200				
7	-----							
8	Total							
9	245,947	426,288		972,547	244,884		244,884	
10		26,288		974,547				
11	243,618	101,200		344,818	239,609		239,609	
12	Item 2 is a biennial appropriation.							
13	The water policy committee of the legislature created in 85-2-185 shall contract with a qualified consultant or							
14	consultants who have no conflict of interest in the water adjudication process to review, analyze, and comment on the							
15	process and the results of the process, including but not limited to the various functions carried out by the department							
16	of natural resources and conservation; the practice and procedures being implemented by the water judges; and the need							
17	for legislative changes, if any;							
18	JUDICIARY							
19	1. Supreme Court Operations							
20	a. Operations							
21		1,314,812		1,314,812	1,311,767		1,311,767	

	Fiscal 1988				Fiscal 1989			
	State	Federal	State	Federal	State	Federal	State	Federal
1								
2								
3	General	Special	General	Special	General	Special	General	Special
4	<u>Fund</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>	<u>Fund</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>
5	b. Audit							
6	15,466			15,466				
7	2. Boards and Commissions							
8	181,719			181,719	484,629			181,623
9	194,749	58,888			434,829	58,888		
10	181,719	0		181,623	181,623	0		
11	3. Law Library							
12	544,987	48,975	48,969	576,945	582,114	48,975		528,489
13	3. LAW LIBRARY							
14	511,307	18,075	40,963	570,345	502,114	18,075		520,189
15	4. District Court Operations							
16	2,239,909			2,239,909	2,246,199			2,246,199
17	5. Water Courts							
18	469,581			469,581				469,664
19								
20	Total							
21	4,268,219	487,656	48,968	4,794,832	4,244,789	487,799		4,729,442
22	3,751,986	469,581	8	4,221,487	3,789,588	469,664		4,189,959
23	4,268,219	487,656	40,963	4,791,832	4,244,789	487,799		4,729,442
24	4,219,219	537,656		4,194,789	4,194,789	537,739		
25	4,263,213	487,656		4,241,703	4,241,703	487,739		

	<u>Fiscal 1988</u>						<u>Fiscal 1989</u>					
	State			Federal			State			Federal		
	General	Special	Revenue	General	Special	Revenue	General	Special	Revenue	General	Special	Revenue
	Fund		Total	Fund		Total	Fund		Total	Fund		Total
1	<u>THE \$50-000-STATE-SPECIAL-REVENUE-IN-ITEM-2-SHALL-BE COLLECTED FROM FEES-EQUIPMENT-FROM SERVICES--PROVIDED--BY--BOARDS--AND</u>											
2	<u>COMMISSIONS-</u>											
3	<u>GOVERNOR'S OFFICE</u>											
4	1. Executive Office Program											
5	a. Operations											
6	911,841	90,000	121,613			1,123,454	910,838	90,000	121,619			1,122,457
7	b. Audit											
8	12,889		12,889									
9	c. Contingency Funds											
10	25,000		25,000									
11	d. Uniform State Laws Commission											
12	4,088		4,088				4,088					4,088
13	8,190		8,190				8,190					8,190
14	2. Mansion Maintenance											
15	60,639		60,639				61,602					61,602
16	3. Air Transportation											
17	484,589		484,589				484,589					484,589
18	95,748		95,748				95,748					95,748
19	4. Office of Budget and Program Planning											
20	a. Operations											
21	653,373		653,373				708,984					708,984
22												
23												
24												
25												

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	General	State	Federal		State	Federal		
2		Special	Special		Special	Special		
3		Revenue	Revenue	General	Revenue	Revenue	Revenue	
4	<u>Fund</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>	<u>Fund</u>			<u>Total</u>
5	b. Audit							
6	18,044			18,044				
7	5. Pacific Northwest Electric Power and Conservation Planning Council							
8				317,038			317,155	317,155
9	6. Lieutenant Governor							
10	201,238			201,238	201,244			201,244
11	7. Citizens' Advocate Office							
12	47,627			47,627	47,570			47,570
13	8. Board of Visitors							
14	129,279			129,279	129,284			129,284
15	9. Montana Statehood Centennial Office							
16	1,500,000			1,500,000	1,500,000			1,500,000
17	-----	-----	-----	-----	-----	-----	-----	-----
18	Total							
19	2,165,492	1,590,000	438,651	4,194,089	2,167,911	1,590,000	438,774	4,196,685
20	2,159,678			4,188,989	2,162,746			4,191,528
21	2,163,868			4,192,519	2,166,936			4,195,710
22	Any amount remaining in the proprietary fund account in the office of budget and program planning at fiscal year							
23	end 1987 collected for the payment of the statewide audit must be transferred to the general fund to partially fund the							
24	statewide audit in the legislative auditor's office in the 1989 biennium.							
25	Item 1c is a biennial appropriation.							

	Fiscal 1988				Fiscal 1989			
	State		Federal		State		Federal	
	General	Special	Special		Special	Special		
	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>	<u>Revenue</u>	<u>Proprietary</u>	
							<u>Total</u>	
Item 1d is for membership-does-to EXPENSES RELATED TO MEMBERSHIP IN the uniform state laws commission.								
The office of budget and program planning may establish transfer appropriations for vocational-technical centers								
and university units within the appropriate agency distribution program. This provision is to allow compliance with								
proper accounting of current unrestricted operations using the CUBA fund structure at individual units of education.								
SECRETARY OF STATE								
1. Records Management								
a. Operations								
	699-484	227,689		927,687	789,775	224,292	994,867	
	<u>510,157</u>	<u>383,930</u>		<u>894,087</u>	<u>521,931</u>	<u>379,136</u>	<u>901,067</u>	
b. Audit								
	8,900			8,900				
2. Administrative Code								
a. Operations								
	190,850			190,850		153,095	153,095	
b. Audit								
	2,700			2,700				

	Total							
	788-984	424-159		4-129-597	789-775	977-987	4-887-162	
	<u>519,057</u>	<u>577,480</u>		<u>1,096,537</u>	<u>521,931</u>	<u>532,231</u>	<u>1,054,162</u>	
if--House-8111-981--does-not-pass;--the-general-fund-appropriation-in-item-2a--is-increased-\$39,680--in-fiscal-1988--and								

	Fiscal 1988				Fiscal 1989			
	General	State	Special	Federal	General	State	Special	Federal
	Fund	Revenue	Revenue	Revenue	Fund	Revenue	Revenue	Revenue
1								
2								
3								
4								
5								
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7								
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11								
12								
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22								
23								
24								
25								

	Fiscal 1988				Fiscal 1989			
	State		Federal		State		Federal	
1								
2								
3	General		Special		Special		Special	
4	Fund		Revenue		Revenue		Revenue	
5	<u>238,271</u>		<u>Total</u>		<u>238,271</u>		<u>Total</u>	
6	b. Audit							
7	2,832							
8	2. Audit Division							
9	a. Operations							
10	563,930		421,841		985,771		546,115	
11	b. Audit							
12	24,119		19,333		43,452			
13	c. Warrant Writing System Replacement							
14	199,250				199,250			
15	3. Insurance Division							
16	a. Operations							
17	746,748				746,748		744,864	
18	696,740				<u>696,740</u>		<u>694,064</u>	
19	b. Audit							
20	8,107				8,107			
21	c. Added Personnel for Insurance Regulation							
22	116,127				116,127		112,442	
23	4. Securities Division							
24	a. Operations							
25	279,759				279,759		268,514	

	Fiscal 1988				Fiscal 1989			
	General	State	Federal		State	Federal		
1								
2								
3	General	Special	Special		Special	Special		
4	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>
5		283,759		283,759	278,514			278,514
6	b. Audit							
7		2,835		2,835				
8	-----							
9	Total							
10	1-846-402	1-558-742		2-605-144	1-525-604			2-987-758
11	1-887-858			2-566-592	769-616			2-289-228
12	1-846-402			2-605-144	802-154			2-987-758
13	1-028-402	1-548-742		2-577-144	784-154			2-299-758
14	Item 2c is a biennial appropriation.							
15	Item 3c may be expended only if House Bill 372 passes.							
16	DEPARTMENT OF JUSTICE							
17	1. Legal Services							
18	a. Operations							
19	769,153	22,035		791,188	765,685	21,890		787,575
20	b. Case-Related Travel							
21	9,500			9,500	9,500			9,500
22	2. Indian Legal Jurisdiction							
23	a. Operations							
24	65,579			65,579	65,657			65,657
25	b. Legal Fees and Expert Witness							

1	Fiscal 1968					Fiscal 1969				
	State		Federal		Total	State		Federal		
	General	Special	General	Special		General	Special			
2	Fund	Revenue	Revenue	Proprietary		Revenue	Revenue	Revenue	Proprietary	
3	100,000				100,000					
4	3. County Prosecutor Services									
5	135,181				135,181	135,334				
6	4. ---MONTFERR									
7	72-925	48-298			91-155	72-925	48-298			
8	5. 4. Agency Legal Services									
9				492,562	492,562			493,454		
10	6. 5. Driver Licensing Program									
11	A. OPERATIONS									
12	1-862-585	886-889	45-888		2-258-278	1-858-876	977-781	45-888		
13	1,897,971	390,407	275,000		2,563,378	1,756,674	521,153	145,000		
14	B. COMMERCIAL VEHICLE OPERATOR LICENSING									
15										
16										
17										
18										
19										
20										
21										
22										
23										
24										
25										

Fiscal 1988										Fiscal 1989			
State		Federal		State		Federal		State		Federal			
General	Special	General	Special	General	Special	General	Special	General	Special	General	Special		
Fund	Revenue	Fund	Revenue	Fund	Revenue	Fund	Revenue	Fund	Revenue	Fund	Revenue		
	81,851		81,851		81,851		81,851		81,734		81,734		
Total		Total		Total		Total		Total		Total			
81,851		81,851		81,851		81,851		81,734		81,734			

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	State		Federal		State		Federal	
	General	Special	General	Special	General	Special	General	Special
	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>
				<u>Total</u>				<u>Total</u>
1								
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25								

	Fiscal 1988				Fiscal 1989			
	General	State	Federal		State	Federal		
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22								
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24								
25								

	Fiscal 1988				Fiscal 1989			
	General	State	Federal		General	State	Federal	
	Fund	Revenue	Special	Revenue	Proprietary	Revenue	Special	Revenue
				Total				Total
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
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12								
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23								
24								
25								

	Fiscal 1988				Fiscal 1989			
	General	State	Federal		General	State	Federal	
	Fund	Revenue	Special	Revenue	Fund	Revenue	Special	Revenue
				Proprietary				Proprietary
				Total				Total
1								
2								
3								
4								
5								
6								
7								
8								
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12								
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24								
25								

	Fiscal 1988				Fiscal 1989			
	State		Federal		State		Federal	
	General	Special	Revenue	Special	General	Special	Revenue	Special
1								
2								
3								
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9								
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	Fiscal 1988				Fiscal 1989			
	State		Federal		State		Federal	
	General	Special	General	Special	General	Special	General	Special
	Fund	Revenue	Fund	Revenue	Fund	Revenue	Fund	Revenue
	b. Appraisers and Noncollected Assessors							
	7,875,721		7,875,721		7,944,699		7,944,699	
	7,847,721		7,847,721		7,916,693		7,916,693	
	8,114,286		8,114,286		8,182,789		8,182,789	
	8,472,371		8,472,371		8,508,144		8,508,144	
	c. Property Assessment -- Helena							
	i. Operations							
	362,527		362,527		354,058		354,058	
	ii. Railroad Appraisal							
	60,000		60,000		60,000		60,000	
	d. Property Assessment -- Administration							
	551,651		551,651		551,005		551,005	
	E. PROPERTY ASSESSMENT -- HOUSE BILL 436							
							500,789	
	8. Motor Fuels Tax Division							
		710,785		710,785		708,349		708,349
	-----				-----			
	Total							
	16,885,964	1,444,152	18,444,152	16,947,696	1,454,899	18,432,595	16,944,699	1,454,899
	16,516,928	1,800,758	18,317,686	16,577,259	1,882,881	18,300,140	16,516,928	1,882,881
	17,424,449	1,922,618	19,347,067	17,185,786	1,854,181	19,039,967	17,424,449	1,854,181

Fiscal 1988Fiscal 1989

	Fiscal 1988			Fiscal 1989		
	General	State	Federal	General	State	Federal
	Fund	Revenue	Special	Fund	Revenue	Special
4						
5	17,482,614	1,177,951		20,872,276	17,511,147	1,171,994
6						
7						
8						
9						
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Funds for resource indemnity trust projects approved by the 50th legislature in other state agencies are appropriated for transfer purposes to the extent that these funds are available.
 Liquor division proprietary funds necessary to maintain adequate inventories of liquor and wine and to operate the state liquor operation are appropriated. During the 1989 biennium, the division shall attempt to return at least 10% of net sales. Net sales are gross sales less discounts and all taxes collected. The division shall limit operational expenses of the liquor merchandising system to not more than 15% of net sales. Operational expenses may not include product costs, freight charges, or expenses allocable to other divisions or licensing bureau expenses.
 The appropriation for the income tax division includes 19 additional FTE. The agency is prohibited from including these 19 FTE in its current level budget request presented to the 1989 legislature.
 Item 7c11 is an appropriation to deal with legal issues arising under federal nondiscriminatory taxation acts such as the Tax Equity and Fiscal Responsibility Act, the Railroad Revitalization and Regulatory Reform Act, and any subsequent federal legislation that directs the state to take a nondiscriminatory posture in the taxation of entities doing business within the state. This appropriation may be used only for attorney fees, expert witnesses, and extraordinary expense associated solely with resolving disputes related to such legal issues.
 THE SOURCE OF FUNDING IN ITEM 7E IS THE LOCAL IMPACT AND EDUCATION TRUST FUND ACCOUNT.
 FOR THE PURPOSES OF IMPLEMENTING SENATE BILL 200, THERE MAY BE NO MORE THAN 36 FTE IN FISCAL 1988 AND 34 FTE IN FISCAL 1989.
 DEPARTMENT OF ADMINISTRATION
 1. Director's Office
 254,147 49,076 303,223 255,153 48,689 303,842

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	General	State	Federal		General	State	Federal	
1								
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	Fiscal 1988				Fiscal 1989			
	State		Federal		State		Federal	
	General	Special	Special		Special	Special		
	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Revenue</u>	<u>Proprietary</u>
1								
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	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	State	Federal	State	Federal	State	Federal	State	Federal
1								
2	General	Special	Revenue	Proprietary	General	Special	Revenue	Proprietary
3	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>
4								
5	9. Mail and Management Program							
6	a. Operations							
7								
8	b. Audit							
9								
10	10. Treasury Central Services Division							
11	a. Operations							
12	407,776							
13	b. Audit							
14	10,126							
15	11. Board-of-Investments							
16	a. Operations							
17								
18	b. Audit							
19								
20	c. Termination-Pay							
21								
22	12. Tort Claims Division							
23	a. Operations							
24								
25	b. Audit							

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	General Fund	State Special Revenue	Federal Special Revenue	Total	General Fund	State Special Revenue	Federal Special Revenue	Total
1								
2								
3								
4								
5				2,663				
6								
7								
8								
9								
10								
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12								
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20								
21								
22								
23								
24								
25								
18	12. Personnel Division							
19	a. Personnel Program							
20	871,753			871,753	872,040			872,040
21	b. Group Benefits Program							
22	i. Operations							
23	31,530			287,505	34,030			288,972
24	ii. Audit							
25				510				
26	iii. Genetics							
27				11,804				11,804
28	c. Training Program							
29	i. Operations							
30	84,572			145,456	84,544			145,512
31	0			445,456	0			445,512
32	34,572			180,028	34,544			180,056
33	ii. Audit							
34				349				
35	13. Workers' Compensation Court							
36	a. Operations							
37				277,864				277,679
38								
39				A-27				HB 2

[illegible]

	Fiscal 1988				Fiscal 1989			
	State	Federal	State	Federal	State	Federal	State	Federal
1								
2	General	Special	Revenue	Special	General	Special	Revenue	Special
3								
4	Fund	Revenue	Proprietary	Total	Fund	Revenue	Proprietary	Total
5	The department may expend available self-insurance reserves and revenues to pay any deficit that may be incurred							
6	for property or liability insurance premiums due and payable through June 30, 1989.							
7	Item 45b 148 is a biennial appropriation to be used only for state tax appeal board expenses directly related to							
8	settlement of the "34 percent" or manual disparity issue.							
9	ITEM 14C IS A BIENNIAL APPROPRIATION TO SATISFY THE PROVISIONS OF SENATE BILL 122, WHICH AUTHORIZES THE STATE TAX							
10	APPEAL BOARD TO CONTRACT AND USE HEARINGS OFFICERS.							
11	FUNDS REMAINING IN THE CAPITOL LAND GRANT ACCOUNT OF THE CAPITAL PROJECTS FUND, AFTER THE APPROPRIATION HAS BEEN							
12	MET FOR THE GENERAL SERVICES DIVISION OF THE DEPARTMENT OF ADMINISTRATION, ARE APPROPRIATED TO THE LONG-RANGE BUILDING							
13	DEBT SERVICE FUND FOR THE PAYMENT OF PRINCIPAL AND INTEREST ON BONDS ISSUED FOR PUBLIC BUILDINGS AT THE CAPITOL FOR							
14	EXECUTIVE, LEGISLATIVE, AND JUDICIAL PURPOSES, AS OUTLINED IN SECTION 12 OF THE ENABLING ACT. THIS APPROPRIATION IS FOR							
15	THE BIENNIUM ENDING JUNE 30, 1989, AND IS NOT TO EXCEED THE ANNUAL DEBT SERVICE REQUIRED ON THESE BONDS.							
16	DEPARTMENT OF HIGHWAYS							
17	1. Construction							
18		56,742,869	85,241,460	143,984,329	61,094,015	86,791,294	147,885,309	
19	2. General Operations							
20	a. Operations							
21		5,321,330	1,606,694	6,928,024	5,208,734	1,555,856	6,764,590	
22	b. Audit							
23								
24	3. Preconstruction							
25		5,459,612	8,838,599	14,298,211	4,357,716	6,953,804	11,311,520	
				A-30				HB 2

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	General	State	Federal		General	State	Federal	
	<u>Fund</u>	<u>Special</u>	<u>Special</u>		<u>Fund</u>	<u>Special</u>	<u>Special</u>	
	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>		<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>	
	<u>Proprietary</u>	<u>Proprietary</u>	<u>Proprietary</u>	<u>Total</u>	<u>Proprietary</u>	<u>Proprietary</u>	<u>Proprietary</u>	<u>Total</u>
4. Service Revolving				2,903,023	2,903,023			2,882,715
5. Maintenance				40,613,889	40,613,889			40,865,147
6. Equipment				1,930,659	12,807,396	14,738,055		12,881,144
7. Motor Pool								14,586,803
8. Stores Inventory					787,608	787,608		701,709
9. Gross Vehicle Weight Division				13,602,298		13,672,810		13,672,810
				3,497,307		3,503,362		3,503,362
Total								
129,229,829				95,686,753	16,498,027	241,414,609		130,407,443
In the event additional federal highway funds become available, additional spending authority and additional FTE may be requested through budget amendment.								95,300,954
Funding may be transferred among all programs, including stores inventory, to reflect personal services expenditures.								16,465,568
The department is appropriated \$15,023,916 in fiscal 1988 and \$26,476,461 in fiscal 1989 for a cash transfer from the highway state special revenue accounts to the highway reconstruction trust account.								242,173,965

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	<u>State</u>		<u>Federal</u>		<u>State</u>		<u>Federal</u>	
	<u>General</u>	<u>Special</u>	<u>Revenue</u>	<u>Special</u>	<u>General</u>	<u>Special</u>	<u>Revenue</u>	<u>Special</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>	<u>Fund</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>
1	The department of highways is directed to submit to the 1989 legislature a construction work plan for the 1991							
2	biennium that is detailed by year and project. This work plan must specify, by road system or project area, proposed							
3	projects on which \$1 million or more would be spent during the 1991 biennium and an aggregate cost for projects with							
4	anticipated expenditures of less than \$1 million. Costs must be detailed by year and project.							
5	The legislature anticipates that the equipment program will receive, by budget amendment, spending authority from							
6	the proprietary fund account if gasoline costs exceed \$1,519,802 in fiscal 1988 and \$1,571,409 in fiscal 1989 due to							
7	increases in gasoline prices greater than a 1% increase per gallon from fiscal 1986 to fiscal 1988 and a 4.4% increase							
8	per gallon from fiscal 1986 to fiscal 1989.							
9	The legislature anticipates that the motor pool will receive, by budget amendment, spending authority from the							
10	proprietary fund account if gasoline costs exceed \$131,684 in fiscal 1988 and \$136,169 in fiscal 1989 due to increases							
11	in gasoline prices greater than a 1% increase per gallon from fiscal 1986 to fiscal 1988 and a 4.4% increase per gallon							
12	from fiscal 1986 to fiscal 1989.							
13	The department may adjust appropriations in the construction and preconstruction programs between fiscal years and							
14	funding sources to reflect actual expenditures related to the projected work plan.							
15	The internal service program may request a budget amendment for \$210,000 in fiscal 1988 or fiscal 1989 to overhaul							
16	the department's airplane.							
17	The legislature anticipates that the maintenance division will receive, by budget amendment for each fiscal year of							
18	the 1989 biennium, spending authority for any funds in excess of \$292,840 in each fiscal year that it collects from							
19	damage situations.							
20	DEPARTMENT OF MILITARY AFFAIRS							
21	1. Administration Program							

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	<u>State</u>		<u>Federal</u>		<u>State</u>		<u>Federal</u>	
1								
2								
3	<u>General</u>		<u>Special</u>		<u>Special</u>		<u>Special</u>	
4	<u>Fund</u>	<u>Revenue</u>		<u>Revenue</u>	<u>Revenue</u>		<u>Revenue</u>	<u>Total</u>
5	a. Operations							
6	166,816	10,101					10,145	180,772
7	b. Audit							
8	4,511			4,511				
9	2. Army National Guard							
10	848,274	883,124		1,731,398	868,498		895,004	1,763,502
11	3. Air National Guard							
12	119,185	1,173,214		1,292,399	125,671		1,204,677	1,330,348
13	4. Veterans' Affairs							
14	a. Operations							
15	449,104	30,000		479,104	445,638		30,000	475,638
16	b. Audit							
17	4,511			4,511				
18	5. Disaster Coordination							
19	a. Operations							
20	219,055	239,438		458,493	219,001		239,383	456,384
21	b. Audit							
22	3,265	3,265		6,530				
23	6. Emergency Management							
24	a. Operations							
25		268,198		268,198			268,134	268,134

	Fiscal 1988				Fiscal 1989			
	General	State	Federal		General	State	Federal	
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17								

B. HUMAN SERVICES

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	<u>General Fund</u>	<u>State Special Revenue</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>General Fund</u>	<u>State Special Revenue</u>	<u>Federal Special Revenue</u>	<u>Total</u>
1								
2								
3								
4								
5								
6	DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES							
7	1. Director's Division							
8	336,017		93,809		335,757		82,725	418,482
9	2. Centralized Services Division							
10	a. Operations							
11	790,781	514,243	549,782		776,763	495,601	569,281	1,841,645
12			<u>532,784</u>			<u>551,285</u>		<u>1,829,649</u>
13			<u>549,702</u>			<u>569,281</u>		<u>1,841,645</u>
14	b. Audit							
15	23,421		20,400					
16	c. Chemistry Lab Equipment							
17		83,300						
18	d. Microbiology Lab Equipment							
19		57,500						
20	e. Contingency Fund							
21		50,000						
22	F. AIDS TESTING							
23	<u>46,888</u>				<u>94,888</u>			<u>24,888</u>
24	<u>70,000</u>				<u>70,000</u>			<u>0</u>
25	3. Environmental Sciences							

	Fiscal 1988				Fiscal 1989			
	General	State	Federal		State	Federal		
1								
2								
3	General	Special	Special		Special	Special		
4	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>	
5	a. Operations							
6	793,173	928,296	663,823		929,264	664,102	4,785,258	
7		<u>121,236</u>			<u>121,261</u>		<u>1,577,250</u>	
8	b. Environmental Protection Fund							
9		100,000						
10	C. LOCAL BOARD INSPECTION FEES							
11		<u>250,000</u>			<u>250,000</u>		<u>250,000</u>	
12	4. Solid and Hazardous Waste Management							
13	a. Operations							
14	75,734	1,220,360	6,102,261		76,181	1,212,055	7,261,758	8,549,994
15	b. Pre-CERCLA and Emergency Hazardous Waste							
16		60,000						
17	5. Water Quality							
18	a. Operations							
19	394,988	96,620	1,368,386		394,158	1,350,658	1,845,136	
20	b. Wellhead Protection							
21	66,667	200,000			66,667	200,000	266,667	
22	6. Health Services and Medical Facilities Division							
23	353,823	47,019	282,684		353,775	47,025	282,688	662,888
24			<u>198,249</u>				<u>198,469</u>	<u>599,269</u>
25		<u>202,081</u>	<u>202,081</u>				<u>202,008</u>	<u>602,808</u>

	Fiscal 1988				Fiscal 1989			
	General	State	Federal		State	Federal		
1								
2								
3	General	Special	Special		Special	Special		
4	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>
5	7. Family/Maternal and Child Health							
6	30,635		44,786,988			44,998,964		44,998,977
7			44,748,858			44,998,742		42,824,755
8			11,726,980			11,998,964		12,029,977
9	8. Preventive Health							
10	223,645		827,624		223,707	812,776		1,036,483
11	9. Licensing and Certification							
12	368,558		514,618		367,630	513,418		881,048
13	10. Health Planning							
14	176,106				170,483			170,483
15								
16	Total							
17	3,639,548	2,557,278	22,269,684		3,588,824	2,184,262	23,655,690	29,427,973
18			22,299,926				23,625,933	29,398,216
19	3,639,548	2,600,278	22,269,684		3,642,824	2,226,262	23,655,690	29,493,978
20	3,703,548				3,588,021			29,469,973
21	The total appropriation for the department includes \$1,897,421 in fiscal 1988 and \$1,897,421 in fiscal 1989 from							
22	the maternal and child health block grant. To the extent revenues from the grant exceed these amounts, they must be							
23	distributed to the counties at the discretion of the THE director of the department; OF HEALTH MAY DISTRIBUTE THESE							
24	REVENUES based upon identifiable needs. To the extent revenues from the grant are less than these amounts, distributions							
25	to the counties must be reduced.							

	Fiscal 1988				Fiscal 1989			
	State		Federal		State		Federal	
	General	Special	Revenue	Proprietary	General	Special	Revenue	Proprietary
	Fund				Fund			
	Total				Total			
1	The total appropriation for the department includes \$632,187 in fiscal 1988 and \$632,187 in fiscal 1989 from the							
2	preventive health block grant. To the extent revenues from the grant exceed these amounts, they must be distributed at							
3	the discretion of the director of the department of health based upon identifiable needs. To the extent revenues from							
4	the grant are less than these amounts, the director of the department of health shall make program reductions.							
5	If federal revenues exceed the amounts budgeted, the department may submit a budget amendment to include additional							
6	federal spending authority unless specifically prohibited by legislative action.							
7	State and federal funds appropriated in items 2 through 9 include internal transfers of indirect charges. The							
8	amount of indirect charges collected for internal use by the department in excess of \$390,000 in fiscal 1988 and							
9	\$390,000 in fiscal 1989 for current programs must cause a like reversion to the general fund.							
10	Item 2a includes \$99,012 in fiscal 1988 and \$77,231 in fiscal 1989 of vital statistics income. To the extent							
11	revenues exceed these amounts, it must cause a like reversion to the general fund. To the extent the vital statistics							
12	fund balance exceeds \$10,000 at fiscal year ends 1988 and 1989, it must cause a like reversion to the general fund.							
13	Item 2a is for supplies and materials and communications costs in excess of \$99,258 in fiscal 1988 and \$100,974 in							
14	fiscal 1989 in the microbiology and chemistry laboratories caused by additional reimbursable services.							
15	General fund appropriated in item 9 is for operations of the licensing and certification bureau only. The							
16	department may transfer general fund into the licensing and certification bureau. No general fund may be transferred out							
17	of the licensing and certification bureau unless the governor requests general fund reductions of all state agencies.							
18	Items 2c, 2d, 2e, 3b, and 4b are biennial appropriations.							

ITEM 2F IS A BIENNIAL APPROPRIATION FOR AIDS TESTING ONLY. IF FEDERAL FUNDS BECOME AVAILABLE FOR LABORATORY TESTING OF AIDS, IT WILL CAUSE A LIKE REVERSION TO THE GENERAL FUND.

25 ITEM 3C IS FOR LICENSE FEES TO PAY LOCAL BOARDS OF HEALTH FOR INSPECTIONS OF FOOD ESTABLISHMENTS, ACCOMMODATIONS,

	Fiscal 1988				Fiscal 1989			
	General	State	Special	Federal	General	State	Special	Federal
1								
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22								
23								
24								
25								

	Fiscal 1988				Fiscal 1989			
	State		Federal		State		Federal	
	General	Special	General	Special	General	Special	General	Special
	Fund	Revenue	Revenue	Proprietary	Total	Revenue	Revenue	Proprietary
1								
2								
3								
4								
5	g. Employment Policy							
6	19,567		2,496,294		2,495,798		2,487,292	2,487,292
7			<u>2,195,283</u>		<u>2,214,850</u>		<u>2,186,075</u>	<u>2,186,075</u>
8								
9	h. Human Rights							
9	246,288		96,000		942,289	96,000		989,669
10	<u>216,042</u>				<u>312,042</u>			<u>309,377</u>
11								
12	i. Commissioner's Office							
12				156,408	156,408		156,599	156,599
13								
14	j. General Assistance							
14	4,428,699			4,428,699	4,428,699		4,428,699	4,428,699
15	<u>1,427,722</u>			<u>1,427,722</u>	<u>1,427,633</u>		<u>1,427,633</u>	<u>1,427,633</u>
16								
16	k. AFDC Day Care							
17	90,909			90,909	90,909		109,091	109,091
18								
18	<u>NEW HORIZONS</u>							
19	<u>27,095</u>			<u>27,095</u>	<u>27,095</u>		<u>27,095</u>	<u>27,095</u>
20								
21	Total							
22	2,587,724	4,088	26,578,894	2,622,855	94,742,648	4,088	26,939,945	2,541,542
23	<u>2,588,598</u>	<u>306,220</u>	<u>26,561,075</u>	<u>2,622,203</u>	<u>94,986,896</u>	<u>295,208</u>	<u>26,920,314</u>	<u>2,540,749</u>
24	<u>2,619,453</u>				<u>32,108,951</u>			<u>32,372,903</u>
25	2. Workers' Compensation							

	Fiscal 1988				Fiscal 1989			
	General	Special	Revenue	Fund	General	Special	Revenue	Fund
1								
2								
3								
4								
5			8,289,679				8,464,439	
6								8,653,898
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22			5,685,446				9,524,542	
23			5,735,323				3,549,363	
24								
25								

Item 1a includes federal spending authority for current level operations of all existing job service offices. If federal funds are less than these amounts, the department may seek a budget amendment to supplement federal funds with state unemployment assessments as provided in 39-51-404(4).

Item 2c is for the 1989 biennium only.

The human rights division may ask for a budget amendment of federal funds received for case processing and related travel up to \$9,607 for fiscal 1988 and \$9,593 for fiscal 1989. Any federal funds received for case processing and related travel in excess of \$105,607 in fiscal 1988 and \$105,593 in fiscal 1989 shall cause a like reversion of general fund.

THE DEPARTMENT SHALL SEEK FEDERAL FUNDS FOR GENERAL ASSISTANCE TRAINING PROGRAM ACTIVITIES. ANY-FEDERAL-FUNDS RECEIVED-FOR-THIS-PURPOSE-SHALL-CAUSE-A-LIKE-REVERSION-OF-GENERAL-FUND. THE DEPARTMENT SHALL OFFSET ALLOWABLE GENERAL FUND WORK TRAINING PROJECT EXPENSES WITH FEDERAL FUNDS RECEIVED TO ADMINISTER SUCH PROGRAMS.

ITEM 1L IS CONTINGENT UPON PASSAGE AND APPROVAL OF HOUSE BILL 460. IF HOUSE BILL 460 IS NOT PASSED AND APPROVED, GENERAL FUND IN ITEM 1E IS REDUCED TO \$125,000 IN FISCAL 1988 AND \$125,000 IN FISCAL 1989.

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

1. Assistance Payments

a. Operations

1,389,735

7,845,784

9,524,542

4,553,958

b. Benefits

7,125,058

3,549,363

4,578,809

1. Legal Services

	<u>Fiscal 1986</u>				<u>Fiscal 1989</u>			
	General	State	Federal		State	Federal		
1								
2								
3	General	Special	Special		Special	Special		
4	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Total</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>
5	b. Legislative Audit							
6	54-686	69-189		429,799				
7	51,315	67,215		118,530				
8	-----	-----	-----	-----	-----	-----	-----	-----
9	Total							
10	4,256,027	4,759,182		9,069,959	1,196,115	1,676,205		2,872,320
11	<u>1,253,542</u>	<u>1,751,217</u>		<u>3,004,759</u>				
12	4. County Administration							
13	934,967	338,380		1,273,347	918,972	338,604		1,257,576
14	5. Medical Assistance							
15	a. Operations							
16	1,186,090	2,497,422		3,683,512	1,378,316	3,061,857		4,440,173
17	b. Benefits							
18	i. State Medical							
19	6,000,000			6,000,000	6,000,000			6,000,000
20	<u>9,000,000</u>			<u>9,000,000</u>	<u>9,000,000</u>			<u>9,000,000</u>
21	6,000,000			6,000,000	6,000,000			6,000,000
22	ii. Medicaid - Waiver, ELDERLY							
23	899,966	4,994,745		2,894,744	844,782	2,852,929		2,894,744
24	<u>479,427</u>	<u>1,062,634</u>		<u>1,542,061</u>	<u>448,432</u>	<u>1,093,629</u>		<u>1,542,061</u>
25	III. MEDICAID - WAIVER, DISABLED							

	Fiscal 1988				Fiscal 1989			
	State	Federal	State	Federal	State	Federal	State	Federal
1								
2								
3	General	Special	Special		Special	Special		
4	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>		<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>
5	420,539	932,111			393,350		959,300	1,352,650
6	+++ IV.	Medicaid - Institutions						
7	4,299,820	9,530,415			4,175,138		10,182,283	14,357,421
8	tv V.	Medicaid - Nursing Homes						
9	14,800,705	32,805,295			14,119,794		34,435,206	48,555,000
10	v VI.	Medicaid - Primary Care						
11	19,288,344	6,548,687	57,871,728		24,245,474	6,686,813	67,856,746	95,672,298
12	19,138,953	56,900,198			24,138,286		67,662,386	95,406,635
13	18,503,560	7,168,000			20,395,249			
14	vt VII.	Other Benefits						
15	1,183,353	2,608,742			1,281,800		2,734,700	4,016,500
16								
17	Total							
18	47,576,275	6,548,687	186,508,347		49,012,381	6,686,813	120,317,721	175,936,835
19	44,588,887	106,336,817			45,935,866		120,129,361	172,676,448
20	47,588,887				48,985,866			175,670,440
21	46,873,494	7,168,000			48,192,079			
22	6. Audit and Program Compliance							
23	576,930	703,252			576,982		704,370	1,281,352
24	7. Vocational Rehabilitation							
25	a. Operations							

	Fiscal 1988				Fiscal 1989			
	General Fund	State Special Revenue	Federal Special Revenue	Total	General Fund	State Special Revenue	Federal Special Revenue	Total
1								
2								
3								
4								
5	379,528	1,553,031		1,932,559	378,574		1,548,456	1,927,030
6		83,445		2,016,004		78,213		2,094,217
7								
8	324,381	965,070	3,185,088	4,474,539	324,381	1,118,170	3,185,088	4,627,639
9								
10								
11								
12								
13	703,909	965,078	5,685,199	7,354,186	702,955	1,118,178	5,579,061	7,398,194
14		1,048,515		7,437,623		1,196,383		7,478,399
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								

	Fiscal 1988				Fiscal 1989			
	General	State	Federal		General	State	Federal	
	Fund	Special	Special		Fund	Special	Special	
	Revenue	Revenue	Revenue	Proprietary	Total	Revenue	Proprietary	Total
a. Operations								
279,841		917,890		1,197,731	280,458		988,722	4,189,180
					918,959		938,622	3,248,981
					280,458		908,722	1,189,180
b. Benefits								
5,277,964		42,921,889		48,199,867	5,502,908		42,896,869	48,399,777
					5,846,843		49,517,746	49,364,569
		13,421,903		18,699,867	5,502,908		13,396,869	18,899,777
Total								
5,557,805		49,899,799		49,997,598	5,789,966		49,885,591	49,588,957
					6,157,282		44,456,968	28,619,578
		14,339,793		19,897,598	5,783,366		14,305,591	20,088,957
11. DOPAC								
a. Operations								
		203,596		203,596			121,976	121,976
b. Benefits								
		195,000		195,000			195,000	195,000
Total								
		398,596		398,596			316,976	316,976
				B-13				HB 2

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	General	State	Federal		General	State	Federal	
1								
2								
3	Special	Special	Special		Special	Special	Special	
4	Revenue	Revenue	Revenue	Proprietary	Revenue	Revenue	Revenue	Proprietary
5	<u>Fund</u>	<u>Total</u>	<u>Proprietary</u>	<u>Total</u>	<u>Fund</u>	<u>Total</u>	<u>Proprietary</u>	<u>Total</u>
6	77,944,249	7,585,677	487,667,762	272,454,688	78,016,886	7,724,789	262,486,959	288,742,822
7	72,799,970	484,894,854	265,139,701	74,294,275	266,881,480	288,742,822	288,742,822	288,742,822
8	7,589,122	265,223,146	265,223,146	265,223,146	7,889,996	288,742,822	288,742,822	288,742,822
9	75,799,970	268,223,146	268,223,146	268,223,146	77,294,275	288,742,822	288,742,822	288,742,822
10	75,352,577	8,216,515	185,443,931	269,013,023	76,357,452	8,545,383	200,675,554	285,578,389
11	In each fiscal year, 10% of the low income energy block grant must be transferred to the social services block							
12	grant. If the transfer is greater than \$1,103,548 in either fiscal year, a like amount of general fund must revert. Ten							
13	percent of the low income energy block grant must be used for the weatherization program in each fiscal year.							
14	SRS is directed to implement a pilot percentage-of-income LIEAP project within the next biennium and report to the							
15	Sist legislature the feasibility of adopting such a system statewide.							
16	Except for 5% in fiscal 1988 and 5% in fiscal 1989 that the department may use for administrative expenses, all							
17	other funds appropriated for the community services block grant must be allocated to the human resource development							
18	councils.							
19	Funds appropriated under item 1b1 are for a contract with the Montana legal services corporation to provide legal							
20	assistance to all general relief clients seeking eligibility for the federal supplemental security income program and to							
21	those current recipients of supplemental security income who have been notified of termination of benefits. The							
22	appropriation is intended to reduce the general assistance caseload by a minimum of 320 clients by the end of the 1989							
23	biennium.							
24	SRS SHALL MAKE ALL CHANGES IN ELIGIBILITY CRITERIA ALLOWED BY MONTANA STATUTE AND FEDERAL REGULATIONS AS ARE							
25	NECESSARY TO CONTAIN EXPENDITURES WITHIN THE AMOUNT APPROPRIATED FOR AID TO FAMILIES WITH DEPENDENT CHILDREN.							

	Fiscal 1988				Fiscal 1989			
	State		Federal		State		Federal	
	General	Special	General	Special	General	Special	General	Special
	Fund	Revenue	Fund	Revenue	Fund	Revenue	Proprietary	Total
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								

	Fiscal 1988				Fiscal 1989			
	General	State	Federal		General	State	Federal	
		Special	Special		Special	Special	Special	
	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>		<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Total</u>

	Fiscal 1988				Fiscal 1989			
	State	Special	General	Federal	State	Special	Federal	
1								
2								
3								
4	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue	
5	79,849,698	18,785,299	299,789,262	2,622,203	394,246,462	80,468,656	18,788,985	251,589,968
6	82,849,698				397,246,462	80,468,656		2,540,749
7	81,745,160	19,412,692	234,399,139		338,179,194	82,626,688	19,531,292	251,376,434
								356,988,878
								356,988,878
								356,075,163

C. NATURAL RESOURCES

	Fiscal 1988			Fiscal 1989		
	General	State	Federal	General	State	Federal
	Fund	Special	Revenue	Fund	Special	Revenue
			Proprietary			Proprietary
			Total			Total
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	<u>State</u>		<u>Federal</u>		<u>State</u>		<u>Federal</u>	
	<u>General</u>	<u>Special</u>	<u>Revenue</u>	<u>Special</u>	<u>General</u>	<u>Special</u>	<u>Revenue</u>	<u>Special</u>
	<u>Fund</u>				<u>Fund</u>			
			<u>Proprietary</u>	<u>Total</u>			<u>Proprietary</u>	<u>Total</u>
1				17,271				
2								
3								
4								
5	2,591	14,680						
6								
7	300,222	371,513		671,735	305,330	378,356		683,686
8								
9				492,868		491,731		491,731
10								
11	203,948			223,948	205,160		20,000	225,160
12								
13				2,058,015		2,078,118		2,078,118
14								
15				75,000			75,000	75,000
16								
17				267,776		271,287		271,287
18								
19	45,113	15,000		60,113	45,113	15,000		60,113
20								
21								
22	606,942	3,566,156		4,268,098	610,262	3,579,203	95,000	4,284,465
23								
24								
25								

	Fiscal 1988				Fiscal 1989			
	General	State	Federal	Total	General	State	Federal	Total
	Fund	Special	Special		Fund	Special	Special	
	Revenue	Revenue	Revenue	Proprietary	Revenue	Revenue	Revenue	Proprietary
1								
2								
3								
4								
5	219,022	219,780	50,675	25,917	219,642	208,591	98,511	25,106
6	218,920	215,939	52,974	26,780	226,111	218,375	40,156	25,821
7	242,550	229,505	71,526	30,226	252,481	217,284	46,935	28,809
8		594,830		939,140		588,609		916,834
9	b. Audit							
10	21,911			21,911				
11	2. Hail Insurance							
12				160,131				156,969
13	3. Wheat Research and Marketing							
14				1,360,198			1,360,491	1,360,491
15	4. Environmental Management							
16	613,589	153,544	184,554	951,687	612,823	142,615	243,830	999,268
17	5. Plant Industry							
18	417,887	495,694	32,023	33,289	417,755	494,081	33,271	33,490
19	422,997			984,009	422,945			978,597
20		510,344		998,653				983,787
21	6. Agriculture Development Division							
22	182,664	41,594	48,900	71,253	99,182	41,419	45,908	72,874
23	97,804		99,900	180,704	97,222		95,908	186,135
24	107,664	40,300		260,811	104,182		45,300	263,775
25								

	Fiscal 1988			Fiscal 1989		
	State	Federal		State	Federal	
2						
3	General	Special		Special	Special	
4	<u>Fund</u>	<u>Revenue</u>	<u>Revenue Proprietary</u>	<u>Revenue</u>	<u>Revenue Proprietary</u>	<u>Total</u>
5	-----	-----	-----	-----	-----	-----
6	Total					
7	6-927-942	2,810,649	8,735,417	191,781	48-665-789	6-858-489
8						2,679,919
9	6-843-942					8,666,871
10	6-959-942					190,319
11						48-395-518
12						48-388-688
13						48-427-518
14						18,371,545

Item 2a contains a budget modification for three new hard-rock mining positions. If the number of hard-rock mining applications in May 1988 is less than the number in May 1987, the department shall eliminate one of the modified positions.

Item 2b is a biennial appropriation. The funds appropriated in item 2b may not be used for any research activities. Item 5 contains \$3,440,190 in fiscal 1988 and \$3,443,679 in fiscal 1989 for pre-fire suppression costs.

THE DEPARTMENT SHALL CONSOLIDATE SUPPORT FUNCTIONS BY JULY 1, 1988. IF ANY RELOCATION COSTS ARE INCURRED IN CONSOLIDATING FUNCTIONS, THEY MUST BE FINANCED FROM THE FORESTRY DIVISION'S FISCAL 1988 APPROPRIATION. THE DEPARTMENT SHALL REPORT TO THE 51ST LEGISLATURE ON THE FISCAL SAVINGS OF THE CONSOLIDATION.

DEPARTMENT OF FISH, WILDLIFE, AND PARKS

1. Centralized Services

a. Operations

22	4-783-855	278,235	1,910,736	3-976-826	4-848-982	269,821	2,081,686	4-889-489
23	4-884-855			3-998-226	4-862-582			4-214-089
24	1,805,955			3,994,926	1,867,282			4,218,789
25								

b. Audit

	Fiscal 1988				Fiscal 1989			
	State		Federal		State		Federal	
	General	Special	Special		Special	Special	Special	
	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>
1				<u>Total</u>				<u>Total</u>
2				51,554				
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	<u>State</u>		<u>Federal</u>		<u>State</u>		<u>Federal</u>	
1								
2								
3	General	Special			Special			
4	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Revenue</u>	<u>Total</u>
5	b. Legislative Contract Authority							
6			138,474				138,790	138,790
7	5. Wildlife							
8	a. Operations							
9		2-659-158	2,256,873		2-694-818	2,256,891		4-861-781
10		2-662-158			2-612-818			4-868-781
11		2,677,150			2,627,810			4,884,701
12	b. Legislative Contract Authority							
13			1,165,000				1,165,000	1,165,000
14	C. WILDLIFE HABITAT							
15		3,600,000						
16	D. PHEASANT ENHANCEMENT PROGRAM							
17		987,000						
18	6. Parks Program							
19		2,947,038	445,000	273,345	2,932,286	445,000	265,469	3,642,755
20	7. Conservation Education							
21		4-879-262	139,525		4-874-842	139,525		4-219-567
22		4-868-695			4-865-491			4-209-816
23		4-108-854			4-884-442			4-223-967
24		1,111,104			1,088,942			1,228,467
25	8. Administration							

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	General	State	Federal		State	Federal		
1								
2								
3	Special	Special	Special		Special	Special		
4	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Revenue</u>	<u>Proprietary</u>
5	a. Operations							
6		784,878	155,834		788,985	149,049		992,954
7		<u>781,073</u>			<u>833,905</u>			<u>982,954</u>
8	b. Legislative Contract Authority							
9			25,000			25,000		25,000
10								
11	Total							
12		47,662,223	7,164,622	2,184,081	47,499,499	7,058,088	2,347,155	26,984,742
13		<u>47,689,578</u>			<u>47,448,878</u>			<u>26,846,443</u>
14		<u>47,729,957</u>			<u>47,568,421</u>			<u>26,979,664</u>
15		<u>22,338,807</u>			<u>17,598,521</u>			<u>27,003,764</u>
16	The appropriation for the legislative contract authority in items 1c, 2b, 3b, 4b, 5b, and 8b is subject to the							
17	following provisions:							
18	1. Legislative contract authority applies only to federal and private funds.							
19	2. Legislative contract authority expenditures must be reported on state accounting records. The records must be							
20	separate from current level operations.							
21	3. A report must be submitted by the department to the legislative fiscal analyst following the end of each fiscal							
22	year of the biennium. The report must include the following:							
23	a. a description of the additional services provided by each grant of federal or private funds;							
24	b. an evaluation of the effectiveness of the additional services relating to each grant.							
25	Items 1b and 2c are biennial appropriations: ITEMS 1B, 2C, 5C, AND 5D ARE BIENNIAL APPROPRIATIONS.							

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	<u>State</u>		<u>Federal</u>		<u>State</u>		<u>Federal</u>	
	<u>General</u>	<u>Special</u>	<u>Special</u>		<u>General</u>	<u>Special</u>	<u>Special</u>	
	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>
				<u>Total</u>				<u>Total</u>
	No funds may be used for lawsuits between state agencies in which the department is a plaintiff unless it has been approved by written consent of the governor.							
	IF THIS ACT AND HOUSE BILL 599 ARE BOTH PASSED AND APPROVED, THE \$100,000 APPROPRIATION PROVIDED IN SECTION 1 OF HOUSE BILL 599 IS VOID AND THE DEPARTMENT OF FISH, WILDLIFE, AND PARKS SHALL TRANSFER \$150,000 TO THE UNIVERSITY OF MONTANA. THE FUNDS SO TRANSFERRED ARE APPROPRIATED FOR THE USE OF THE BIOLOGICAL STATION AT YELLOW BAY FOR THE PURPOSES OF HOUSE BILL 599.							

THE DEPARTMENT SHALL NOT USE FUNDS IN ACCOUNTS CREATED BY 15-35-108 OR 23-1-105 TO ACQUIRE WILDLIFE HABITAT.

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

1. Centralized Services

a. Operations

15	981,687	855,995	240,757	1,548,439	1,013,227	855,886	225,954	1,594,987
16		<u>350,859</u>	<u>215,893</u>			<u>350,717</u>	<u>231,043</u>	

b. Audit

18	30,933							
19				30,933				

2. Oil and Gas

a. Operations

21	798,478			798,478		818,894		818,894
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b. Microfilming

23	20,000			20,000				
----	--------	--	--	--------	--	--	--	--

c. Litigation

24								
25		5,000		5,000				

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	General	State	Federal		State	Federal		
		Special	Special		Special	Special		
	<u>Fund</u>	Revenue	Revenue	Total	Revenue	Revenue	Proprietary	Total
3. Conservation Districts								
a. Operations		648,332	2,703	651,035	649,833	2,703		652,536
b. Streambank Reclamation								
30,000				30,000				
4. Water Resources								
a. Operations								
2-348-5+9		2,214,859	69,675	4,694,847	2,198,331	69,675		4,686,009
2,234,629		2,099,976		4,404,280	2,075,592			4,396,530
b. State Water Projects								
800,000				800,000				
c. Middle Creek								
4,040,000				4,040,000				
d. Powder River Negotiations								
35,500				35,500				
e. Poplar River Monitoring								
15,650				15,650				15,650
F. RESERVED WATER RIGHTS COMPACT COMMISSION								
114,884		114,883		229,767	114,739			229,479
5. Energy Division								
a. Operations								

	Fiscal 1988				Fiscal 1989			
	State		Federal		State		Federal	
	General	Special	Revenue	Proprietary	General	Special	Revenue	Proprietary
	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>
1	438,152	1,274,512	1,056,319	2,768,983	451,118	1,273,399	993,871	2,718,388
2	b. Lake Broadview Mitigation							
3			40,000	40,000				
4	c. Rock Creek Mitigation							
5			1,650,000	1,650,000				
6	d. Chevron Oil Overcharge							
7			15,500	15,500				
8	Total							
9	3,815,935	6,482,676	7,084,954	17,083,565	3,845,998	5,288,268	4,292,289	10,426,464
10		<u>6,177,540</u>	<u>7,090,090</u>			<u>5,283,174</u>	<u>1,297,292</u>	
11	Items 2b, 2c, 4b, 4c, 4d, 5b, 5c, and 5d are biennial appropriations.							
12	The department is authorized up to \$500,000 from the account established in 76-14-112 for rangeland loans during the 1989 biennium.							
13	Item 3a contains \$220,000 for each year of the biennium for conservation district grants for distribution as specified in 76-15-530. Any funds reverted from unexpended grant funds are authorized for distribution as grants as specified in 76-15-530.							
14	If the department receives notice of funding from the Bonneville power administration for technical assistance or the Montana power company for builder training, such notice is considered an emergency under the provisions of 47-3-489.							
15	THE ENERGY DIVISION IS AUTHORIZED TO SPEND UP TO \$40,000 IT MAY RECEIVE FROM THE BONNEVILLE POWER ADMINISTRATION FOR TECHNICAL ASSISTANCE AND UP TO \$50,000 IT MAY RECEIVE FROM THE MONTANA POWER COMPANY FOR BUILDER TRAINING, AND SUCH							

	Fiscal 1988				Fiscal 1989			
	General	State	Federal		General	State	Federal	
	Fund	Special	Special		Special	Special	Special	
	Revenue	Revenue	Revenue		Revenue	Revenue	Revenue	
	Proprietary	Proprietary	Proprietary	Total	Proprietary	Proprietary	Proprietary	Total
1								
2								
3								
4								
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15								
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22								
23								
24								
25								

FUNDS ARE APPROPRIATED FOR THOSE PURPOSES.

OF THE FUNDS APPROPRIATED IN ITEM 4A, NOT MORE THAN \$584,788 FOR EACH YEAR OF THE BIENNIUM MAY BE USED FOR ADJUDICATION OF PRE-JULY 1, 1973, WATER RIGHTS.

OF THE FUNDS APPROPRIATED IN ITEM 4A, NOT MORE THAN \$584,788 FOR EACH YEAR OF THE BIENNIUM MAY BE USED FOR ADJUDICATION OF PRE-JULY 1, 1973, WATER RIGHTS.

IF HOUSE BILL 624 IS NOT ENACTED, THE GENERAL FUND APPROPRIATION FOR ITEM 4A IS INCREASED BY \$68,568 IN FISCAL 1988 AND BY \$83,788 IN FISCAL 1989, AND THE STATE FEDERAL SPECIAL REVENUE APPROPRIATION FOR ITEM 4A IS REDUCED BY CORRESPONDING AMOUNTS.

ENACTMENT OF HOUSE BILL 642 AND HOUSE BILL 831 SATISFIES THE EMERGENCY PROVISIONS OF 17-7-403, AND THE DEPARTMENT MAY REQUEST A BUDGET AMENDMENT TO SPEND THE FEES COLLECTED UNDER THE AUTHORITY OF THE BILLS.

DEPARTMENT OF COMMERCE

1. Business Licensing and Regulation - Program Support

93,059 59,789 152,848 93,059 59,937 152,996

2. Weights and Measures Bureau

437,858 437,858 436,178 436,178

3. Financial Division

790,952 790,952 785,373 785,373

4. Milk Control Bureau

281,749 281,749 279,598 279,598

5. Professional and Occupational Licensing

714,478 714,478 706,154 706,154

	Fiscal 1988				Fiscal 1989			
	State		Federal		State		Federal	
	General	Special	Special		Special	Special		
	Fund	Revenue	Revenue	Proprietary	Fund	Revenue	Proprietary	
				Total			Total	
1								
2								
3								
4								
5		4,776,611		2,491,089		4,771,999	2,478,059	
6		1,846,166		2,560,644		1,835,579	2,541,733	
7	6. Aeronautics Division							
8		610,884	75,000	62,083		611,979	62,083	
9		689,188		746,271		689,683	671,766	
10		659,465		796,548		659,960	722,043	
11	7. Transportation Division							
12	a. Operations							
13		539,626	71,250	2,753,930		71,250	1,816,000	
14		513,626						
15	b. Rail Assistance							
16			501,905	501,905				
17	8. Business Assistance							
18	A---OPERATIONS							
19		686,692	96,114	581,226		59,957	639,513	
20		0	728,007			758,948	4,998,462	
21		686,692	96,114			59,957	4,981,989	
22		636,692	130,114			159,257	1,431,989	
23	B---BUSINESS-PACKAGING-GRANTS							
24			95,000	95,000		488,000	488,000	
25	C---MONTANA-AMBASSADORS-LEARNED-EXECUTIVE-PROGRAM							

	Fiscal 1980						Fiscal 1989					
	State			Federal			State			Federal		
	General	Special	Revenue	General	Special	Revenue	General	Special	Revenue	General	Special	Revenue
	Fund		Total	Fund		Total	Fund		Total	Fund		Total
5			<u>60-000</u>			<u>60-000</u>			<u>90-000</u>			<u>90-000</u>
6	<u>B---VALUE-ADDED-COMMISSION</u>											
7			<u>20-000</u>			<u>20-000</u>			<u>30-000</u>			<u>30-000</u>
8	<u>E---ONE-STOP-BUSINESS-LICENSING</u>											
9			<u>5-000</u>			<u>5-000</u>						
10	<u>F---BUSINESS-RECRUITMENT-PROJECT</u>											
11			<u>20-000</u>			<u>20-000</u>						
12	9. Montana Promotion											
13			<u>4,575,245</u>		350,000	<u>4,925,245</u>			<u>4,672,834</u>		350,000	<u>5,022,834</u>
14			<u>4,475,215</u>			<u>4,475,215</u>			<u>4,572,834</u>			<u>4,572,834</u>
15	10. Housing Division											
16					10,032,634	10,032,634						10,032,792
17	11. Hard-Rock Mining Board											
18	a. Administration											
19			104,085			104,085			103,633			103,633
20	b. Hard-Rock Mitigation and Arbitration											
21			1,026,288			1,026,288			1,211,934			1,211,934
22	12. Coal Board											
23			862,668			862,668			148,782			148,782
24	13. Community Development											
25		214,748			5,447,656	5,662,404		213,995			5,446,515	5,660,510
	C-15											
	HB 2											

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	<u>State</u>		<u>Federal</u>		<u>State</u>		<u>Federal</u>	
	<u>General</u>	<u>Special</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>General</u>	<u>Special</u>	<u>Revenue</u>	<u>Proprietary</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>
	<u>Total</u>				<u>Total</u>			<u>Total</u>
14. Local Government Systems								
a. Administration								
86,208					86,208			
168,716					254,924			253,065
b. Local Government-Block-Grant								
8,886,888					8,886,888			9,444,888
c. District Court Reimbursement								
2,588,888					2,588,888			2,588,888
439,337					439,337			439,337
2,588,888					2,588,888			2,588,888
2,286,259					2,286,259			2,373,870
d. County Planning								
299,000					299,000			311,000
15. Local Government Administration								
98,666					98,666			98,233
16. Building Codes								
1,170,240					1,170,240			1,312,662
17. Office of Economic Analysis								
242,347					242,347			277,410
18. Local Government Audit Service								
43,560					43,546			975,234
19. Indian Affairs Coordinator								1,018,780

		Fiscal 1988				Fiscal 1989			
		State		Federal		State		Federal	
		General	Special	Revenue	Special	General	Special	Revenue	Special
		Fund		Proprietary	Total	Fund		Proprietary	Total
5	84,629				84,629	81,208			81,208
6	20. Health Facility Authority								
7	a. Operations			120,098	120,098			119,161	119,161
8									
9	b. Audit							3,222	3,222
10				3,222	3,222				
11	21. Montana Science and Technology Alliance								
12	a. Operations								
13	1,345,000				1,345,000	1,410,000			1,410,000
14									
15	b. Seed Capital Program Operations							105,060	105,060
16	22. Board of Housing								
17	896,757				896,757	933,156			933,156
18									
19	23. BOARD OF INVESTMENTS								
20				1,068,773	1,068,773			1,066,961	1,066,961
21	A. OPERATIONS								
22				4,929,267	4,929,267			4,969,669	4,969,669
23				1,311,931	1,311,931			1,348,021	1,348,021
24	B. AUDIT								
25				85,064	85,064				

	Fiscal 1988				Fiscal 1989			
	State		Federal		State		Federal	
1								
2								
3	General	Special			Special	Special		
4	Fund	Revenue	Revenue	Proprietary	Fund	Revenue	Revenue	Total
5	C. TERMINATION PAY							
6	15,000				15,000			
7	28 24. Lottery							
8	A. OPERATIONS							
9	25-0+0-000 25-0+0-000				25-000-000 25-000-000			
10	24,935,744 24,935,744				25,046,544 25,046,544			
11	B. AUDIT							
12	74,256				53,456			
13	24 25. Board of Horseracing							
14	240,302				233,346			
15	26. VIDEO POKER							
16	2-907-045				2-997-405			
17	2-999-005				3-025-405			
18	658,411				597,247			
19	27. Director's Office Management Services							
20	a. Operations							
21	+2+109				+2+109			
22	120,214				726,724			
23	b. Audit							
24	67,021				849,852			
25	67,021				842,852			

	Fiscal 1988				Fiscal 1989			
	State		Federal		State		Federal	
	General	Special	Revenue	Special	General	Special	Revenue	Special
	Fund		Proprietary	Total	Fund		Proprietary	Total
1								
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3								
4								
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ITEM 118 MAY BE EXPENDED ONLY FOR THE PURPOSES AS DETAILED IN 90-6-307, 90-6-311, 90-6-321, AND 90-6-304(1). NO TRANSFERS MAY BE MADE IN OR OUT OF ITEM 118.

The hard-rock mining board shall report to the legislature any expenditures from the hard-rock mitigation and arbitration account.

If the board of milk control receives a petition to establish a state pooling arrangement as a method of paying producer prices, the department may request a budget amendment for additional operating costs for holding hearings and establishing the pool. Receiving of such a petition is considered to be an emergency under the provisions of 17-7-403. If a computerized adaptive testing program becomes mandatory in fiscal 1989, the board of nursing may request a budget amendment to cover the costs of implementing the program. If computerized adaptive testing becomes mandatory, this is considered an emergency under the provisions of 17-7-403.

The transportation division may request budget amendment authority to add a maximum of three FTE to be funded entirely with federal funds.

ITEM 7A INCLUDES NO LESS THAN \$95,000 PER YEAR FOR COSTS ASSOCIATED WITH THE MCCARTY FARMS CASE.

Should the economy improve to the point where there is a need for more building standard inspectors, a maximum of three FTE, operating costs, and equipment may be added by budget amendment to the building codes division.

	Fiscal 1988				Fiscal 1989			
	State	Federal	State	Federal	State	Federal	State	Federal
	General	Special	Revenue	Special	General	Special	Revenue	Special
	Fund	Revenue	Proprietary	Total	Fund	Revenue	Proprietary	Total
1								
2								
3								
4								
5								
6								
7								
8								
9								
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11								
12								
13								
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22								
23								
24								
25								

	Fiscal 1988				Fiscal 1989			
	State	Federal	State	Federal	State	Federal	State	Federal
1								
2								
3	General	Special	Revenue	Special	General	Special	Revenue	Special
4	Fund				Fund			
5	IF--HOUSE--BILL--898--IS NOT ENACTED,--THE APPROPRIATION IN ITEM 14E SHALL BE \$2,588,888 OF GENERAL FUND FOR EACH YEAR							
6	OF THE BIENNIAL							
7	THE \$150,000 GENERAL FUND LOAN TO THE MONTANA ECONOMIC DEVELOPMENT BOARD WHICH IS DUE TO BE REPAYED BY FISCAL YEAR							
8	END 1987 IS EXTENDED TO JUNE 30, 1989.							
9	IF THE REVENUES DEPOSITED TO THE GENERAL FUND THROUGH THE IMPLEMENTATION OF SENATE BILL 200 ARE LESS THAN THE							
10	APPROPRIATION FOR DISTRICT COURT REIMBURSEMENT, THE DEPARTMENT SHALL REDUCE THE REIMBURSEMENT TO EQUAL THE REVENUES							
11	GENERATED.							
12	TOTAL SECTION C							
13	19,445,916	59,180,496	44,563,585	81,848,289	19,279,144	52,371,871	97,193,519	92,038,599
14	16,546,824	57,886,318	44,568,428	93,264,491	16,385,968	57,142,219	97,198,253	93,091,914
15	17,458,884	56,423,997	44,569,572	93,263,929	17,286,535	55,693,788	37,207,032	93,994,902
16	19,516,667	56,430,647		159,812,815	19,959,198			145,568,928
17	19,226,926	50,247,428	33,256,593	147,320,519	19,095,095	44,193,055	33,382,263	133,877,445

D. DEPARTMENT OF INSTITUTIONS

	Fiscal 1988				Fiscal 1989			
	General	State	Federal		State	Federal		
	Fund	Revenue	Special		Special	Revenue	Special	
			Revenue	Proprietary	Revenue	Proprietary	Revenue	Proprietary
				Total				Total
1								
2								
3								
4								
5								
6	CENTRAL OFFICE							
7	1. Director's Office							
8	376,401			376,401	377,277			377,277
9	2. Management Services Division							
10	a. Management Services							
11	867,437			867,437	821,689			821,689
12	b. Audit							
13	492,789	4,444	7,442	492,789	449,864			
14	143,932	4,521	7,709	143,932	162,440			
15	3. Alcohol and Drug Abuse Division							
16	215,200	341,564	4,484,854	4,658,648	215,200	326,700	4,484,854	4,643,754
17				1,847,564			1,290,800	1,832,700
18	4. Corrections Division							
19	a. Central Office							
20	i. Operations							
21	3,629,593	1,000		3,630,593	3,640,609	1,000		3,641,609
22	ii. Equipment							
23	40,000			40,000				
24	b. Women's Corrections							
25	782,476			782,476	788,829			788,829

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	<u>General</u>	<u>State</u>	<u>Federal</u>		<u>State</u>	<u>Federal</u>		
1								
2								
3		<u>Special</u>	<u>Special</u>		<u>Special</u>	<u>Special</u>		
4	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>
5								
6	c. Corrections Medical	867,114			867,114	883,457		883,457
7	d. Montana State Prison							
8	i. Care and Custody -- Operations							
9	12,562,609	51,424	120,641		12,734,674	12,801,624	94,772	12,947,820
10	ii. Ranch and Dairy Operations							
11			1,228,480		1,228,480		1,277,736	1,277,736
12	iii. License Plate Factory Operations							
13		484,321			484,321		496,117	496,117
14	iv. Industries Operations							
15			678,311		678,311		701,903	701,903
16	v. Canteen Operations							
17		600,000			600,000		700,000	700,000
18	vi. Industries Training Operations							
19	173,015		36,496	221,579	431,090	163,881	34,330	419,790
20	e. Swan River Forest Camp							
21	i. Operations							
22	837,854	86,383	38,902		963,139	848,631	86,617	963,146
23	ii. Equipment							
24	8,000				8,000			
25	5. Mental Health Division							

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	State	Federal	State	Federal	State	Federal	State	Federal
1								
2								
3	General	Special	Special		Special	Special		
4	<u>Fund</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>	
5	a. Central Office							
6	i. Operations							
7	4,108,977	1,249,805		5,358,782	4,108,940	1,249,806		5,358,746
8	b. Montana Developmental Center							
9	i. Operations							
10	11,689,951	13,626	42,661	11,746,238	11,852,130	44,384		11,910,140
11	ii. Equipment							
12	50,000			50,000				
13	c. Center for the Aged							
14	i. General Operations							
15	2,637,888	9,735		2,647,623	2,649,528	9,735		2,659,263
16	ii. Equipment							
17	25,000			25,000				
18	d. Eastmont							
19	i. General Operations							
20	2,229,779	4,000		2,233,779	2,248,146	4,000		2,252,146
21	2,285,817			2,289,817	2,293,251			2,297,251
22	<u>2,229,779</u>			<u>2,233,779</u>	<u>2,248,146</u>			<u>2,252,146</u>
23	ii. Equipment							
24	10,000			10,000				
25	e. Veterans' Home							

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	General	State	Federal		General	State	Federal	
1								
2								
3								
4	Special	Special	Special		Special	Special	Special	
5	Revenue	Revenue	Revenue	Proprietary	Revenue	Proprietary	Revenue	Proprietary
6	<u>Fund</u>	<u>Total</u>	<u>Proprietary</u>	<u>Total</u>	<u>Fund</u>	<u>Total</u>	<u>Proprietary</u>	<u>Total</u>
7	i. General Operations							
8	542,000	20,764	1,636,773	2,199,537	552,504	20,764	1,650,215	2,223,483
9	f. Montana State Hospital							
10	i. General Operations							
11	19,826,836	1,740,583	3,775	21,571,194	20,146,957	1,729,533	3,775	21,880,265
12	6. Board of Pardons							
13	160,439			160,439	160,441			160,441
14	Total							
15	160,439			160,439	160,441			160,441
16	Within item 4, transfers may be made between line items in excess of 5% of the total appropriation authority in each line item upon approval of the governor or his designated representative.							
17	IF THE AMOUNTS BILLED AND PAID, INCLUDING VOLUME DISCOUNT REBATES, FOR THE CORRECTIONS DIVISION'S WORKERS' COMPENSATION COSTS ARE LESS THAN \$876,796 IN FISCAL 1988 AND \$979,198 IN FISCAL 1989, THE BALANCE MUST REVERT TO THE APPROPRIATE FUND.							
18	Within item 5, transfers may be made between line items in excess of 5% of the total appropriation authority in each line item upon approval of the governor or his designated representative.							
19	IF THE AMOUNTS BILLED AND PAID, INCLUDING VOLUME DISCOUNT REBATES, FOR THE MENTAL HEALTH DIVISION'S WORKERS' COMPENSATION COSTS ARE LESS THAN \$3,114,215 IN FISCAL 1988 AND \$3,191,394 IN FISCAL 1989, THE BALANCE MUST REVERT TO THE APPROPRIATE FUND.							
20	Items 4a1i, 4c, 4e1i, 5b1i, 5c1i, and 5d1i are biennial appropriations.							
21								
22								
23								
24								
25								

	Fiscal 1986				Fiscal 1989			
	General	State	Federal		State	Federal		
1								
2								
3		Special	Special		Special	Special		
4		Revenue	Revenue		Revenue	Revenue		
5		<u>Fund</u>	<u>Proprietary</u>	<u>Total</u>	<u>Fund</u>	<u>Proprietary</u>	<u>Total</u>	
6	The department is authorized to maintain a fund balance of not more than \$15,000 at the end of each fiscal year in							
7	the prison industries training proprietary account. Any funds in excess of \$15,000 in the proprietary account are							
8	subject to the provisions of section 3.							
9	DEPARTMENT OF FAMILY SERVICES							
10	1. Management Support							
11	a. Operations							
12	440,890		257,092	697,982	463,954	269,062	733,016	
13	b. Legislative Audit							
14	25,268		44,792	48,860				
15	28,806		16,794	45,600				
16	Total							
17	466,158		271,824	737,982	463,954	269,062	733,016	
18	469,696		273,886	743,582				
19	2. Social Services							
20	a. Operations							
21	6,880,744		2,916,863	9,797,607	6,891,744	2,917,852	9,809,593	
22	6,920,671		2,326,796	9,247,467	6,920,120	2,326,593	9,246,713	
23	b. Benefits							
24	7,479,511	89,000	7,316,208	4,878,719	7,546,576	89,000	7,343,637	4,979,213
25	7,569,511			4,968,719	7,576,576			45,889,213

1	Fiscal 1988				Fiscal 1989			
	State		Federal		State		Federal	
	General	Special	Revenue	Proprietary	General	Special	Revenue	Proprietary
2								
3								
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5								
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12								
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23								
24								
25								

	Fiscal 1988				Fiscal 1989			
	State	Federal	State	Federal	State	Federal	State	Federal
1								
2								
3	General	Special	General	Special	General	Special	General	Special
4	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>
5	2,846,748	518,722	2,879,834	518,722	2,879,834	518,722	2,879,834	518,722
6	2,833,740	525,722	2,858,834	525,722	2,858,834	525,722	2,858,834	525,722
7	b:--Legislative-Audit							
8	12,896		12,896					
9	c B. Equipment							
10	2,000		2,000					
11								
12	Total							
13	2,862,896	59,169	2,879,834	59,169	2,879,834	59,260	2,879,834	59,260
14	2,835,748		2,858,834		2,858,834		2,858,834	
15	2,858,748		2,879,834		2,879,834		2,879,834	
16	2,835,740		2,858,834		2,858,834		2,858,834	
17	5. Aftercare Services							
18	a. Operations							
19	399,026	2,800	401,826	399,080	399,080	2,800	399,080	2,800
20	b. Equipment							
21	30,000		30,000					
22								
23	Total							
24	429,026	2,800	431,826	399,080	399,080	2,800	399,080	2,800
25	6. Youth Evaluations							

	Fiscal 1988				Fiscal 1989			
	State		Federal		State		Federal	
	General	Special	Revenue	Special	General	Special	Revenue	Special
	<u>Fund</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>	<u>Fund</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>
1	146,292			146,292	146,173			146,173
2								
3								
4								
5								
6								
7	Total							
8	146,292			146,292	146,173			146,173
9								
10	Total							
11	20-009-797	164,151	40-525-469	98-699-444	20-069-657	163,242	40-551-229	98-703-422
12	49-976-999		40-542-525	98-689-675	20-059-657		40-566-229	
13	20-059-926		40-530-258	98-756-995	20-127-096		40-568-764	98-054-042
14	20-051-496		10-553-258	30-768-905	20-124-606		10-575-764	30,863,612
15	Items 9c, 4c 3B, 4B, and 5b are biennial appropriations.							
16	ANY THIRD-PARTY PAYMENTS OR REIMBURSEMENT FROM ANY SOURCE RECEIVED BY THE DEPARTMENT TO OFFSET COSTS OF THE FOSTER CARE PROGRAM, IN EXCESS OF \$350,000 IN FISCAL 1988 OR \$350,000 IN FISCAL 1989, MUST CAUSE A GENERAL FUND REVERSION OF AN AMOUNT EQUAL TO THE EXCESS PAYMENTS OR REIMBURSEMENT.							
17	THE DEPARTMENT MAY NOT CONSIDER DONATED OR NONDEPARTMENTAL CONTRACTED FUNDS OBTAINED BY FOSTER CARE PROVIDERS WHEN ALLOCATING OR CONTRACTING STATE PAYMENTS FOR FOSTER CARE SERVICES.							
18	IF HOUSE BILL 460 IS NOT PASSED AND APPROVED, GENERAL FUND IN ITEM 2B IS REDUCED TO \$7,503,511 IN FISCAL 1988 AND \$7,576,576 IN FISCAL 1989.							
19	MONTANA ARTS COUNCIL							
20	1. Administration							
21	103,972			500,422	105,011		401,377	506,388
22								
23								
24								
25								

	Fiscal 1988				Fiscal 1989			
	State	Federal	Special	Revenue	State	Federal	Special	Revenue
1								
2								
3	General	Special	Revenue		State	Special	Revenue	
4	<u>Fund</u>			<u>Total</u>	<u>Fund</u>			<u>Total</u>
5	2. Artists-In-the-Schools							
6	15,143			15,143	15,143			15,143
7	3. Audit							
8	6,200			11,600				
9	-----	-----	-----	-----	-----	-----	-----	-----
10	Total							
11	125,315			527,165	120,154			521,531
12	MONTANA STATE LIBRARY							
13	1. Reference and Information							
14	534,475	299,000	762,477	1,595,952	520,199	311,000	720,085	1,551,284
15	2. Audit							
16	14,177			14,177				
17	3. LAW LIBRARY							
18	<u>415,257</u>	<u>18,875</u>	<u>48,969</u>	<u>474,295</u>	<u>412,709</u>	<u>18,875</u>		<u>436,778</u>
19	3 4 3. Natural Heritage Program							
20	130,461	6,500		136,961	107,979		22,637	130,616
21	-----	-----	-----	-----	-----	-----	-----	-----
22	Total							
23	548,652	429,461	768,977	1,747,090	520,199	418,979	742,722	1,681,900
24	969,909	447,536	889,948	2,227,393	932,982	437,854		2,212,678
25	<u>548,652</u>	<u>429,461</u>	<u>768,977</u>	<u>1,747,090</u>	<u>520,199</u>	<u>418,979</u>		<u>1,681,900</u>

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
1								
2	State		Federal		State		Federal	
3	General	Special	Revenue	Special	Special	Special	Revenue	Special
4	<u>Fund</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>	
5	The amounts included in item 1 in the federal special revenue column represent Library Services and Construction							
6	Act funds that may be transferred between fiscal 1988 and 1989.							
7	Amounts in item 9 <u>4</u> <u>3</u> represent a biennial appropriation.							
8	MONTANA HISTORICAL SOCIETY							
9	1. Administration							
10	a. Operations							
11	429,526		59,810	489,338	489,474		59,926	489,400
12	425,760			<u>485,570</u>	<u>431,418</u>			<u>491,344</u>
13	b. Audit							
14	14,113			14,113				
15	2. Library Program							
16	154,194		26,074	180,268	154,151		16,074	170,225
17	3. Museum Program							
18	265,656		165,442	570,498	265,646		131,304	986,922
19	207,379			<u>372,621</u>	<u>207,342</u>			<u>338,646</u>
20	4. Publications Program							
21	a. Operations							
22	41,320			526,672	41,320		544,946	555,696
23				<u>484,927</u>	<u>526,247</u>		<u>519,880</u>	<u>561,200</u>
24	b. Audit							
25				1,160				

	Fiscal 1988				Fiscal 1989			
	General	State	Federal		State	Federal		
	Fund	Revenue	Special	Revenue	Special	Revenue	Proprietary	Total
5. Photo Archives								
6. 88-989		22,600		84,634		17,000		98,634
7. 81,319				81,961				98,961
8. Historical Sites Preservation Program								
9. a. Operations								
10. 68-862		760,395		59,498		761,630		924,428
11. 65,729				64,359				925,989
12. b. Audit								
13. 650		3,410		4,060				
14. 7. Archives Program								
15. 130,949		2,500		131,186		2,500		133,686
16. 8. Education Program								
17. 52,283				52,283		52,448		52,448
18. 53,549				53,549		53,484		53,484
19. -----								
20. Total								
21. 4,444,659		4,092,494		4,092,494		4,092,494		4,092,494
22. 1,121,413		1,093,780		1,111,737		1,041,918		2,673,535
23. TOTAL SECTION D								
24. 89,588,775		4,954,489		4,954,489		4,954,489		4,954,489
25. 89,997,645		4,954,489		4,954,489		4,954,489		4,954,489

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
1								
2		State	Federal		State	Federal		
3		Special	Special		Special	Special		
4		<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>
5	69-699-887	3,951,533	47,238-427	2,620,735	4,021,737	47,442-764	2,721,098	488-924-565
6	83,631,377	<u>17,245,427</u>	<u>107,449,072</u>	<u>84,136,539</u>	<u>17,157,761</u>	<u>108,037,135</u>		

E. OTHER EDUCATION

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	General	State	Federal		State	Federal		
3					Special	Special		
4					Revenue	Revenue		
5	<u>Fund</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>	
6	BOARD OF PUBLIC EDUCATION							
7	1. Board Administration							
8	a. Operations							
9	104,834			104,834	104,755			104,755
10	b. Audit							
11	2,578			2,578				
12	C. INTERIM STUDY ON ADEQUACY AND COST OF ACCREDITATION STANDARDS							
13	47,100			47,100	50,725			50,725
14	-----							
15	Total							
16	487,412			487,412	484,755			484,755
17	154,512			154,512	155,480			155,480
18	2. Fire Services Training School							
19	a. Operations							
20	196,814		2,000	210,814	199,440	2,000	12,000	213,440
21	b. Audit							
22	2,578			2,578				
23	-----							
24	Total							
25	199,392		2,000	213,392	199,440	2,000	12,000	213,440

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	Fiscal 1988				Fiscal 1989			
	State		Federal		State		Federal	
	General	Special	Special		General	Special	Special	
	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Fund</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>
3. Montana School for the Deaf and Blind								
a. Administration								
179,849					179,849	179,838		179,838
b. General Services								
248,725					248,725	259,536		259,536
c. Student Services								
686,896			35,000		721,896	694,885	35,000	726,885
<u>783,295</u>					<u>737,295</u>	<u>787,994</u>		<u>742,994</u>
686,096					<u>721,096</u>	<u>691,805</u>		<u>726,805</u>
d. Education								
989,899					1,282,409	987,878	892,926	1,280,804
<u>932,039</u>					<u>350,370</u>	<u>930,878</u>	<u>349,926</u>	
e. Audit								
18,044					18,044			
-----					-----	-----	-----	-----
Total								
2,041,759					2,458,429	2,889,057	487,926	2,446,983
<u>2,064,759</u>					<u>385,370</u>	<u>2,862,057</u>	<u>384,926</u>	
2,088,952					<u>2,466,922</u>	<u>2,878,249</u>		2,463,169
2,064,753					<u>2,450,123</u>	<u>2,062,057</u>		<u>2,446,983</u>
TO THE EXTENT INTEREST INCOME COLLECTIONS FROM SCHOOL TRUST LANDS EXCEED AMOUNTS APPROPRIATED OF \$177,000 IN FISCAL								

	Fiscal 1988				Fiscal 1989			
	State	Special	Federal		State	Special	Federal	
1								
2								
3	General	Special	Revenue	Special	General	Special	Revenue	Special
4	<u>Fund</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>	<u>Fund</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>
5	1988 AND \$177,000 IN FISCAL 1989, THERE WILL BE A DOLLAR-FOR-DOLLAR REVERSION OF GENERAL FUND.							
6	OFFICE OF PUBLIC INSTRUCTION							
7	1. Chief State School Officer							
8	124,190		21,568	145,758	124,062		13,068	137,130
9	2. Basic Skills							
10	852,788	237,985	122,514	1,213,287	854,869	237,944	122,651	1,215,464
11	<u>849,468</u>	<u>254,446</u>		<u>1,103,914</u>	<u>855,549</u>	<u>259,484</u>		<u>1,115,033</u>
12	853,468	237,905		1,091,373	237,944			1,216,144
13	3. Vocational Education							
14	274,812		989,877	665,889	274,467		988,881	663,348
15	<u>178,167</u>		<u>274,085</u>	<u>452,252</u>	<u>177,974</u>		<u>274,044</u>	<u>452,018</u>
16	4. Administrative Services							
17	a. Operations							
18	849,851	437,612	617,759	1,885,222	852,423	437,493	617,920	1,907,836
19	<u>878,397</u>			<u>1,356,299</u>	<u>873,767</u>			<u>1,352,480</u>
20		416,266		1,272,565	416,149			1,288,636
21	<u>849,051</u>			<u>1,885,076</u>	<u>852,423</u>			<u>1,886,492</u>
22	b. Audit							
23	38,666			38,666				
24	5. Special Services							
25	a. Operations							

	Fiscal 1988				Fiscal 1989			
	State		Federal		State		Federal	
	General	Special	General	Special	General	Special	General	Special
	Fund	Revenue	Fund	Revenue	Fund	Revenue	Fund	Revenue
1								
2								
3								
4		Revenue		Revenue		Revenue		Revenue
5	131,488	1,332,804		1,464,292	131,388	1,332,392		1,463,780
6	b. Audiology							
7	310,200			310,200				310,200
8	6--VOCATIONAL--TECHNICAL--CENTER--JOB--TRAINING--AND--EQUIPMENT--PROGRAMS							
9		597,898		597,898		622,184		622,184
10	-----							
11	Total							
12	2,581,195	675,517	2,483,722	5,740,494	2,547,489	675,437	2,474,912	5,697,758
13	2,576,875	1,289,896		6,358,493	2,548,889	1,318,881		6,399,882
14	2,586,576	675,517	2,368,730	5,558,829	2,472,948	675,437	2,360,075	5,588,452
15		654,171		5,529,477		654,093		5,487,188
16	2,485,230			5,508,131	2,451,596			5,465,764
17	State and federal funds appropriated in items 1 through 5 include internal transfers of indirect costs. The amount							
18	of indirect costs in excess of \$488,612 \$387,266 in fiscal 1988 and \$488,493 \$387,108 in fiscal 1989 that is recovered							
19	must cause a like reversion to the general fund.							
20	IF-HOUSE-BILL-88-15-NOT-ENACTED--ITEM-6-IS-ELIMINATED-							
21	THE OFFICE OF PUBLIC INSTRUCTION SHALL USE ITS BEST EFFORTS, INCLUDING LEGAL PROCEEDINGS IF NECESSARY, TO COLLECT							
22	BY JUNE 30 COUNTY SURPLUS REVENUES UNDER 20-9-331 AND 20-9-333.							
23	ITEM 3 INCLUDES \$150,271 IN FISCAL 1988 AND \$150,282 IN FISCAL 1989 OF GENERAL FUND AND \$179,925 IN FISCAL 1988 AND							
24	\$179,938 IN FISCAL 1989 OF FEDERAL FUNDS, CONTINGENT UPON THE BOARD OF REGENTS CONTRACTING WITH THE OFFICE OF PUBLIC							
25	INSTRUCTION TO ADMINISTER AND SUPERVISE K-12 VOCATIONAL EDUCATION PROGRAMS, SERVICES, AND ACTIVITIES IN ACCORDANCE WITH							

	Fiscal 1988				Fiscal 1989			
	General	State	Federal		General	State	Federal	
	Fund	Special	Special		Fund	Special	Special	
		Revenue	Revenue	Total	Revenue	Revenue	Revenue	Total
HOUSE BILL 39.								
OFFICE OF PUBLIC INSTRUCTION -- DISTRIBUTION TO SCHOOLS								
1. School Transportation								
6,200,918				6,200,918				6,200,918
2. School Lunch								
594,751				594,751				594,751
3. Gifted and Talented Grants								
95,000				95,000				95,000
100,000				100,000				100,000
4. Secondary-Vocational-Education								
488,000				488,000				488,000
5. Adult Basic Education								
147,523				147,523		447,529		147,523
						113,701		
6. Special Education								
27,361,646				27,361,646				27,361,646
7. Special Education Contingency								
500,000				500,000				500,000
8. State Impact Payments								
5,000				5,000				5,000

<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
State		Federal		State		Federal	
General	Special	Revenue	Special	General	Special	Revenue	Special
<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Fund</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>
Total				Total			Total
95:157-815	147,523			95:884-888	95:157-815	147,523	95:884-888
95:162-315				95:889-898	95:162-315		95:889-898
34,762,315				34,909,838	34,796,137	113,701	34,909,838
All revenues received in the state traffic education account under the provisions of 20-7-504 are appropriated to be distributed as provided in 20-7-506.							
Items 4 and 7 are biennial appropriations:							
Item 8, a biennial appropriation, is for emergencies that may arise in special education programs in local districts. A district board of trustees may apply for an allocation from these funds by presenting to the superintendent of public instruction, for each child, a child-study team report and an individual education plan relating to this unforeseen expense and a current listing of program, caseloads, and related costs. The contingency appropriation is for the biennium, and the specific amounts may be transferred between fiscal years.							
ALL REVENUES RECEIVED UNDER THE PROVISIONS OF 20-9-343 FOR STATE EQUALIZATION AID ARE APPROPRIATED TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION FOR THE BIENNIUM ENDING JUNE 30, 1989, FOR PUBLIC SCHOOL SUPPORT OTHER THAN SPECIAL EDUCATION.							
IF HOUSE BILL 904 DOES NOT PASS, THERE IS APPROPRIATED FROM THE GENERAL FUND \$93,000,000 FOR THE BIENNIUM ENDING JUNE 30, 1989, TO BE USED TO THE EXTENT FUNDS APPROPRIATED UNDER THE PROVISIONS OF 20-9-343 ARE INSUFFICIENT TO FINANCE THE MAXIMUM GENERAL FUND BUDGET SCHEDULES FOR PUBLIC SCHOOLS, EXCLUDING SPECIAL EDUCATION.							
OFFICE OF PUBLIC INSTRUCTION -- DISCRETIONARY GRANTS							
1. Job Training Partnership							
				475,000		475,000	475,000

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	General Fund	State Special Revenue	Federal Special Revenue	Total	General Fund	State Special Revenue	Federal Special Revenue	Total
1								
2								
3								
4								
5	2. Vocational Education Grants							
6			9-956-888	9-956-888			9-956-888	9-956-888
7			<u>1,025,000</u>	<u>1,025,000</u>			<u>1,025,000</u>	<u>1,025,000</u>
8	3. Adult Basic Education Grants							
9			425,000	425,000			425,000	425,000
10	4. Education of the Handicapped -- Part B							
11			450,000	450,000			400,000	400,000
12	5. Preschool Incentive Grants							
13			150,000	150,000			110,000	110,000
14								
15	Total							
16			4-859-888	4-859-888			4-768-888	4-768-888
17			<u>2,525,000</u>	<u>2,525,000</u>			<u>2,435,000</u>	<u>2,435,000</u>
18	Items 1 through 5 are biennial appropriations.							
19	ITEM 2 IS CONTINGENT UPON THE BOARD OF REGENTS CONTRACTING WITH THE OFFICE OF PUBLIC INSTRUCTION TO ADMINISTER AND							
20	SUPERVISE K-12 VOCATIONAL EDUCATION PROGRAMS, SERVICES, AND ACTIVITIES IN ACCORDANCE WITH HOUSE BILL 39.							

	Fiscal 1988			Fiscal 1989		
	General Fund	Current Unrestricted	Total	General Fund	Current Unrestricted	Total
4 BILLINGS VOCATIONAL-TECHNICAL CENTER						
1. Instruction						
	436,545	539,556	970,101	436,545	539,556	970,101
	<u>514,298</u>	<u>455,811</u>		<u>514,298</u>	<u>455,811</u>	
	<u>552,545</u>	<u>417,556</u>		<u>590,773</u>	<u>379,328</u>	
2. Plant Operation and Maintenance						
	146,541	119,898	266,439	151,359	123,839	275,198
3. Equipment						
	22,805	22,805	45,610	22,805	22,805	45,610
4. Support						
a. Operations						
	125,975	268,157	386,132	54,892	932,875	386,167
	<u>133,026</u>	<u>253,106</u>		<u>64,279</u>	<u>321,888</u>	
b. Audit						
	9,333	10,000	19,333			
Total						
	741,199	946,416	1,687,615	684,881	1,013,275	1,677,076
	<u>818,944</u>	<u>868,671</u>		<u>742,546</u>	<u>934,538</u>	
	<u>864,250</u>	<u>823,365</u>		<u>829,216</u>	<u>847,860</u>	

Total audit costs are estimated to be \$21,481 for the biennium. Ten percent of these costs are to be paid from funds other than those appropriated in items 1 through 4.

		<u>Fiscal 1988</u>		<u>Fiscal 1989</u>	
		<u>General</u>	<u>Current</u>	<u>General</u>	<u>Current</u>
		<u>Fund</u>	<u>Unrestricted</u>	<u>Fund</u>	<u>Unrestricted</u>
			<u>Total</u>		<u>Total</u>
	The current unrestricted funding for equipment in item 3 must come from federal funds.				
5	BUTTE VOCATIONAL-TECHNICAL CENTER				
6	1. Instruction				
7		466,739	995,884	466,739	995,884
8		<u>538,859</u>	<u>278,961</u>	<u>538,859</u>	<u>278,961</u>
9		<u>563,073</u>	<u>238,747</u>	<u>595,265</u>	<u>206,555</u>
10	2. Plant Operation and Maintenance				
11		90,485	74,034	93,464	76,470
12	3. Equipment				
13		21,432	21,432	21,432	21,432
14	4. Support				
15	a. Operations				
16		<u>242,838</u>	<u>437,425</u>	<u>466,484</u>	<u>483,881</u>
17		<u>218,767</u>	<u>131,488</u>	<u>174,982</u>	<u>175,303</u>
18	b. Audit				
19		9,333	10,000		
20					
21	Total				
22		888,819	577,972	748,899	616,864
23		<u>864,939</u>	<u>513,852</u>	<u>812,159</u>	<u>552,744</u>
24		<u>903,090</u>	<u>475,701</u>	<u>885,143</u>	<u>479,760</u>
25	Total audit costs are estimated to be \$21,481 for the biennium. Ten percent of these costs are to be paid from				

	Fiscal 1988			Fiscal 1989		
	General	Current	Unrestricted	General	Current	Unrestricted
	Fund			Fund		
	Total			Total		Total
1 funds other than those appropriated in items 1 through 4.						
2 The current unrestricted funding for equipment in item 3 must come from federal funds.						
3 GREAT FALLS VOCATIONAL-TECHNICAL CENTER						
4 1. Instruction						
5						
6						
7						
8	428,878	994,727		428,878	994,727	823,597
9	<u>492,189</u>	<u>994,488</u>		<u>492,189</u>	<u>994,488</u>	
10	<u>524,403</u>	<u>299,194</u>		<u>556,595</u>	<u>267,002</u>	
11 2. Plant Operation and Maintenance						
12	98,030	83,507		102,197	87,057	189,254
13 3. Equipment						
14	21,609	21,610		21,609	21,610	43,219
15 4. Support						
16 a. Operations						
17	228,421	456,686		474,247	285,924	377,141
18	<u>226,358</u>	<u>150,749</u>		<u>179,795</u>	<u>197,346</u>	
19 b. Audit						
20	9,333	10,000		19,333		
21						
22 Total						
23	778,269	666,538	1,444,793	728,893	789,848	1,433,211
24	<u>841,582</u>	<u>669,244</u>		<u>787,242</u>	<u>645,999</u>	
25	<u>879,733</u>	<u>565,060</u>		<u>860,196</u>	<u>573,015</u>	

	<u>Fiscal 1988</u>			<u>Fiscal 1989</u>		
	<u>General</u>		<u>Total</u>	<u>General</u>		<u>Total</u>
	<u>Fund</u>	<u>Unrestricted</u>		<u>Fund</u>	<u>Unrestricted</u>	
1						
2						
3						
4	Total audit costs are estimated to be \$21,481 for the biennium. Ten percent of these costs are to be paid from					
5	funds other than those appropriated in items 1 through 4.					
6	The current unrestricted funding for equipment in item 3 must come from federal funds.					
7	HELENA VOCATIONAL-TECHNICAL CENTER					
8	1. Instruction					
9	746,489	586,249	1,302,708	746,489	586,249	1,302,708
10	828,684	482,824		828,684	482,824	
11	873,033	429,675		925,345	377,363	
12	2. Plant Operation and Maintenance					
13	172,168	140,864	313,032	176,183	144,150	320,333
14	3. Equipment					
15	25,518	25,518	51,036	25,518	25,518	51,036
16	4. Support					
17	a. Operations					
18	946,847	99,556	415,897	482,758	259,477	415,935
19	325,996	89,901		176,698	239,237	
20	b. Audit					
21	8,259	10,000	18,259			
22	-----					
23	Total					
24	4,238,784	862,454	2,100,932	4,088,948	4,009,664	2,090,012
25	4,942,976	757,956		4,185,443	984,869	

	Fiscal 1988			Fiscal 1989		
	General	Current		General	Current	
	<u>Fund</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Fund</u>	<u>Unrestricted</u>	<u>Total</u>
1	1,404,974	695,958		1,303,744	786,268	
2						
3						
4						
5	Total audit costs are estimated to be \$21,481 for the biennium. Fifteen percent of these costs are to be paid from					
6	funds other than those appropriated in items 1 through 4.					
7	The current unrestricted funding for equipment in item 3 must come from federal funds.					
8	MISSOULA VOCATIONAL-TECHNICAL CENTER					
9	1. Instruction					
10	552,879	688,898	1,160,163	552,879	688,898	1,160,163
11	649,444	516,719		649,444	516,719	
12	689,752	470,411		736,028	424,135	
13	2. Plant Operation and Maintenance					
14	129,477	158,251	287,728	144,150	155,643	299,793
15	3. Equipment					
16	24,355	24,355	48,710	24,355	24,355	48,710
17	4. Support					
18	a. Operations					
19	146,816	274,262	421,078	282,779	498,938	421,117
20	155,351	265,727		295,110	126,007	
21	b. Audit					
22	8,259	10,000	18,259			
23	Total					
24						
25	868,988	1,074,958	1,935,938	1,089,957	926,426	1,929,783

<u>Fiscal 1988</u>		<u>Fiscal 1989</u>	
General		General	
Current		Current	
<u>Fund</u>	<u>Unrestricted</u>	<u>Fund</u>	<u>Unrestricted</u>
952,951	989,587	1,094,728	935,955
1,007,194	928,744	1,199,643	730,140

Total audit costs are estimated to be \$21,481 for the biennium. Fifteen percent of these costs are to be paid from funds other than those appropriated in items 1 through 4.

The current unrestricted funding for equipment in item 3 must come from federal funds.

The superintendent--of-public-instruction COMMISSIONER OF HIGHER EDUCATION may transfer county millage collections among centers. Millage received by the centers from the 1.5-mill levy that in the aggregate exceeds \$800,291 in fiscal 1988 and \$808,294 in fiscal 1989 must cause a general fund reversion of a like amount each year. Any voted millage funds available for the vocational-technical centers are appropriated.

If a vocational-technical center can provide matching funds for federal funds in excess of its share of the \$807,474 federal funds included in the current unrestricted funds each fiscal year of the biennium, then the center may request a budget amendment for the matching and federal funds to pay for the additional equipment, training, and programs. The matching funds for any budget amendment may not come from the current unrestricted funds appropriated in the general appropriations bill.

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	General	State	Federal		General	State	Federal	
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								

NOTE: The total of state special revenues for section E includes the following amounts of current unrestricted

funds:

Fiscal 1988 ----- \$4,128,027 \$3,727,277 \$3,488,828

Fiscal 1989 ----- \$4,279,947 \$3,879,197 \$3,417,043

F. HIGHER EDUCATION

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	General	State	Federal		General	State	Federal	
	<u>Fund</u>	<u>Special</u>	<u>Revenue</u>		<u>Fund</u>	<u>Special</u>	<u>Revenue</u>	
			<u>Proprietary</u>	<u>Total</u>			<u>Proprietary</u>	<u>Total</u>
1	All funds, other than plant funds and current unrestricted operating funds, may be spent and are appropriated							
2	contingent upon approval by the board of regents by July 1 of each year of the comprehensive program budget. The budget							
3	must contain detailed revenues and expenditures and anticipated fund balances of current funds, loan funds, and							
4	endowment funds. All movement of funds between the current unrestricted subfund and the designated subfund account							
5	entitles must be clearly identified in the state budgeting and accounting system.							
6	Programs for the university budgets include instruction, organized research, public service, academic support,							
7	student services, institutional support, operation and maintenance of plant, and scholarships and fellowships.							
8	The six university units shall account for expenditures consistently within programs and funds across all units and							
9	shall use the national center for higher education management systems program classification structure along with the							
10	college and university business administration (CUBA) system as a minimum standard for achieving consistency.							
11	Each year of the biennium, the portion of indirect cost reimbursements that exceeds the amount set forth in the							
12	current unrestricted operating subfund appropriation for each unit is appropriated to the respective unit. All indirect							
13	cost reimbursement not expended in the current unrestricted operating subfund account must be clearly identified and							
14	separately accounted for during the 1989 biennium. Each university system unit shall submit a written report to the							
15	legislative finance committee by October 14, 1988, of the activities supported and accomplishments achieved with all							
16	indirect cost reimbursements expended in funds other than the current unrestricted operating subfund for fiscal 1988.							
17	Included within current unrestricted funds to the six institutions is the sum of \$12,864,200 in fiscal 1988 and							
18	\$12,906,000 in fiscal 1989 from revenues generated under the provisions of 20-25-423. The department of revenue shall							
19	levy the full 6 mills as authorized in 20-25-423. Revenues received by the university system under the provisions of							
20	20-25-423 that exceed \$12,864,200 in fiscal 1988 and \$12,906,000 in fiscal 1989 must cause a general fund reversion of a							

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	State	Federal	State	Federal	State	Federal	State	Federal
1								
2	General	Special	Revenue	Special	General	Special	Revenue	Special
3	Fund	Revenue	Proprietary	Total	Fund	Revenue	Proprietary	Total
4								
5	like amount each year.							
6	BOARD OF REGENTS							
7	27,951			27,951	28,008			28,008
8	The board of regents shall: (1) by July 1, 1988; develop a uniform computerized personnel system for all agencies							
9	under its control; except the community colleges; which: (a) compares the amount expended by position to the amount							
10	budgeted for each position; (b) shows the benefits expended; and (c) codes the job assignment(s) of each person; (2) by							
11	July 1, 1987, have the university system utilize the statewide budgeting and accounting system in a manner which							
12	accurately reflects expenditures at the third level; and (3) by July 1, 1988, develop a uniform computerized class							
13	enrollment system:							
14	COMMISSIONER OF HIGHER EDUCATION							
15	1. Office Administration							
16	a. Operations							
17	773,253			773,253	774,104			774,104
18	b. Audit							
19	13,885			13,885				
20	2. VOCATIONAL-TECHNICAL ADMINISTRATION							
21	82,319			82,319	93,165			93,165
22	3. VOCATIONAL EDUCATION GRANTS							
23								
24	2,325,000			2,325,000				
25	59,000			59,000	62,000			62,000

	Fiscal 1988				Fiscal 1989			
	General	State	Federal		State	Federal		
	Fund	Special	Special		Special	Special	Revenue	Total
	Revenue	Revenue	Revenue	Proprietary	Revenue	Revenue	Proprietary	Total
3 4 5. WICHE - Student Assistance								
6		1,898-494						
7	981-687							
8	1,161,470	824,164						
9 4 5 6. WAMI								
10	1,665-941	232-677						
11	1,656-141	277-477						
12	1,933,618	0						
13 5 6 7. Minnesota Rural Dentistry								
14	90,400							
15 6 7 8. State Student Incentive Grants								
16	210,000							
17 7 8 9. National Direct Student Loan								
18	55,000							
19 8 9 10. State College Work Study								
20	988-458							
21	276,450							
22 9 10 11. Carl D. Perkins Scholarships								
23		50,000						
24 10 11 12. Education for Economic Security								
25		58,000						

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	<u>State</u>		<u>Federal</u>		<u>State</u>		<u>Federal</u>	
	<u>General</u>	<u>Special</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>General</u>	<u>Special</u>	<u>Revenue</u>	<u>Proprietary</u>
	<u>Fund</u>	<u>Revenue</u>			<u>Fund</u>	<u>Revenue</u>		
			<u>Total</u>				<u>Total</u>	
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
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25								

	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
	<u>State</u>		<u>Federal</u>		<u>State</u>		<u>Federal</u>	
	<u>General</u>	<u>Special</u>	<u>Revenue</u>	<u>Special</u>	<u>General</u>	<u>Special</u>	<u>Revenue</u>	<u>Special</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>	<u>Fund</u>	<u>Revenue</u>	<u>Proprietary</u>	<u>Total</u>
1	4,089,195	1,220,424	1,499,685	45,542,859	9,810,835	1,958,273	1,551,168	45,939,614
2	4,596,395	683,164	3,824,685	17,843,853	4,863,779	254,329	3,876,168	18,199,614
3	In each fiscal year, the commissioner of higher education is allowed to transfer appropriation authority between							
4	the amounts included in the WICHE appropriation for dentistry, which is \$120,534 in fiscal 1988 and \$122,668 in fiscal							
5	1989, and the Minnesota rural dentistry appropriation.							
6	GENERAL FUND SUPPORT OF THE FAMILY PRACTICE PROGRAM DOES NOT EXTEND BEYOND FISCAL 1988.							
7	ITEMS-14-AND-15-ARE-APPROPRIATED-CONTINGENT-UPON-HOUSE-BILL-862-BEING-ENACTED-ITEM-15-A-BIENNIAL-APPROPRIATION-							
8	<u>Fiscal 1988</u>				<u>Fiscal 1989</u>			
9	<u>General</u>		<u>Current</u>	<u>Total</u>	<u>General</u>		<u>Current</u>	<u>Total</u>
10	<u>Fund</u>		<u>Unrestricted</u>		<u>Fund</u>		<u>Unrestricted</u>	
11	COMMUNITY COLLEGES							
12	1. Dawson Community College							
13	a. Operations							
14			789,912	789,912			713,832	713,832
15			695,424	695,424			699,264	699,264
16	b. Audit							
17			8,828	8,828				
18			8,640	8,640				
19	2. Flathead Valley Community College							
20	a. Operations							
21			1,646,996	1,646,996				
22								
23								
24								
25								

	<u>Fiscal 1988</u>		<u>Fiscal 1989</u>	
	General	Current	General	Current
	<u>Fund</u>	<u>Unrestricted</u>	<u>Fund</u>	<u>Unrestricted</u>
1				
2				
3				
4	<u>1,613,384</u>		<u>1,622,292</u>	
5				<u>1,622,292</u>
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

The above appropriation provides 49% 48% of the total unrestricted budgets for the community colleges, which budgets must be approved by the board of regents.

The general fund appropriation for each community college includes 49% 48% of the total audit cost. The remaining 51% 52% of these costs are to be paid from funds other than those appropriated in items 1 through 3. Audit costs may not exceed \$18,000 for each unit for the biennium.

Dawson, Flathead Valley, and Miles community colleges are prohibited from including in student enrollment, used in calculating the unrestricted budget referred to in 20-15-310, student FTE from out-of-district centers not approved

	<u>Fiscal 1988</u>			<u>Fiscal 1989</u>		
	<u>General</u>	<u>Current</u>		<u>General</u>	<u>Current</u>	
		<u>Fund</u>	<u>Unrestricted</u>		<u>Fund</u>	<u>Unrestricted</u>
1						
2						
3						
4						
5						
6						
7		1,232,850	53,000	1,285,850	1,233,523	53,000
8						1,286,523
9						
10		6,124,968	1,998,303	8,123,271	6,177,195	1,998,303
11		6,204,968		8,203,271	6,257,135	
12						8,175,498
13						8,255,438
14						
15						
16		6,124,968	2,384,257	8,509,225	6,177,195	2,384,257
17		6,204,968		8,589,225	6,257,135	
18						8,641,392
19						
20						
21						
22						
23						
24						
25						

	<u>Fiscal 1988</u>			<u>Fiscal 1989</u>		
	General	Current	Total	General	Current	Total
	Fund	Unrestricted		Fund	Unrestricted	
1						
2						
3						
4	4-954-975	1,829,268	97,789-643	4-955-847	1,829,268	97,785-445
5	4-996-998		97,796-266	4-998-478		97,797-798
6	4-954-975		97,789-643	4-955-847		97,785-445
7	1,866,964		3,696,232	1,868,436		3,697,704
8	2. Professional Retirement Benefit Increase					
9	659,420		659,420	665,731		665,731
10	3---Improved-Communications					
11	78-868		78-868	78-868		78-868
12	-----					
13	Total					
14	2-689-869	1,829,268	4,549,434	2-694-646	1,829,268	4,520-944
15	2-696-486		4,465,754	2-644-268		4,479-597
16	2-689-869		4,549,434	2-694-646		4,520-944
17	2,526,384		4,355,652	2,534,167		4,363,435

The total money appropriated in item 2 may only be spent if a federal district or appellate court determines that cooperative extension service employees are federal employees within the meaning of Public Law 99-335. In the event these employees are not federal employees within the meaning of Public Law 99-335, up to \$221,300 in fiscal 1988 and up to \$277,611 in fiscal 1989 of the funds appropriated in item 2 may be spent for social security coverage and retirement benefits for 124 professional employees. There may be no transfers in or out of this item.

item-3-is-to-be-spent-on-improved-communications-to-disseminate-agricultural-information-statewide---there-may-be no-transfers-in-or-out-of-this-item-

FOREST AND CONSERVATION EXPERIMENT STATION

	<u>Fiscal 1988</u>		<u>Fiscal 1989</u>	
	<u>General</u>	<u>Current</u>	<u>General</u>	<u>Current</u>
	<u>Fund</u>	<u>Unrestricted</u>	<u>Fund</u>	<u>Unrestricted</u>
1. Research	643,535	643,535	644,954	644,954
UNIVERSITY FUNDING STUDY				
1. Commissioner of Higher Education	15,000			
2. Office of the Legislative Fiscal Analyst	130,000			
3. Office of Budget and Program Planning	5,000			
The Montana legislature recognizes the need to review the adequacy of the current method for funding the university system. The study shall be conducted by an eight-member legislative committee comprised of four members appointed by house leadership and four members appointed by the senate committee on committees.				
The study shall be coordinated by the office of the legislative fiscal analyst in conjunction with the commissioner of higher education and active participation of the office of budget and program planning.				
The scope of the study will encompass a review of higher education expenditures and funding, and an analysis of the adequacy and consistency of the university financing.				
THE STUDY SHALL ALSO ADDRESS COST-EFFECTIVE METHODS OF DEVELOPING UNIFORM PERSONNEL AND CLASS ENROLLMENT SYSTEMS AND CONSISTENT STATEWIDE BUDGETING AND ACCOUNTING SYSTEM PROCEDURES AND REPORTS.				
Items 1, 2, and 3 are biennial appropriations.				
MONTANA STATE UNIVERSITY				
1. Instruction				
a. Instruction Program				

		<u>Fiscal 1988</u>		<u>Fiscal 1989</u>	
		General	Current	General	Current
		<u>Fund</u>	<u>Unrestricted</u>	<u>Fund</u>	<u>Unrestricted</u>
1					
2					
3			<u>Total</u>		<u>Total</u>
4		24,235,408	24,235,408	23,869,704	23,869,704
5	b:---Phasedown				
6				456,478	456,478
7	c B. Architecture				
8			130,000		130,000
9	B C. <u>FUNDING LEVEL INCREASE</u>				
10		<u>499,699</u>	<u>499,699</u>	<u>492,159</u>	<u>492,159</u>
11	2. Research				
12			597,925		597,925
13	3. Public Service				
14			10,300		10,300
15	4. Academic Support, Student Services, and Institutional Support				
16	A. <u>SUPPORT PROGRAM</u>				
17		1,385,215	10,485,747	1,454,267	10,221,100
18	B. <u>FUNDING LEVEL INCREASE</u>				
19		<u>131,900</u>	<u>131,900</u>	<u>259,453</u>	<u>259,453</u>
20	C. <u>MUSEUM OF THE ROCKIES</u>				
21		<u>428,888</u>	<u>428,888</u>	<u>428,888</u>	<u>428,888</u>
22		<u>100,000</u>	<u>100,000</u>	<u>0</u>	<u>0</u>
23	5. Audit				
24		23,021	20,800		
25	6. Operation and Maintenance of Physical Plant				

	<u>Fiscal 1988</u>		<u>Fiscal 1989</u>	
	General	Current	General	Current
	<u>Fund</u>	<u>Unrestricted</u>	<u>Fund</u>	<u>Unrestricted</u>
1				
2				
3				<u>Total</u>
4	1,494,031	4,009,054	1,544,589	4,151,733
5				5,696,322
6				
7				
8				
9	27,197,695	16,379,099	27,325,838	16,217,781
10	27,769,294		28,876,642	
11	27,889,274		28,196,642	
12	27,869,274		27,620,172	
13				43,837,953
14	Total audit costs are estimated to be \$87,642 for the biennium. Fifty percent of these costs are to be paid from funds other than those appropriated in items 1 through 7.			
15	IF GROSS ACTUAL NONRESIDENT INCIDENTAL FEE REVENUES, REDUCED BY 18.45 PERCENT FOR NONRESIDENT WAIVERS, ARE LESS			
16	THAN \$1,631,995 FOR FISCAL 1988 AND LESS THAN \$1,605,092 FOR FISCAL 1989, MONTANA STATE UNIVERSITY MAY REQUEST A			
17	<u>SUPPLEMENTAL FOR THE DIFFERENCE.</u>			
18	GENERAL FUND SUPPORT OF THE MUSEUM OF THE ROCKIES DOES NOT EXTEND BEYOND THE 1989 BIENNIUM. IT IS EXPECTED THAT			
19	PRIVATE FUNDS WILL REPLACE GENERAL FUND SUPPORT BEGINNING IN THE 1991 BIENNIUM. ITEM 4C IS A BIENNIAL APPROPRIATION.			
20	UNIVERSITY OF MONTANA			
21	1. Instruction			
22	a. Instruction Program			
23	18,586,558		18,645,270	18,645,270
24	b. Law/Pharmacy			
25		174,000	174,000	174,000
F-11				HB 2

	Fiscal 1988			Fiscal 1989		
	General Fund	Current Unrestricted	Total	General Fund	Current Unrestricted	Total
<u>C. FUNDING LEVEL INCREASE</u>						
1						
2						
3						
4						
5	383,228		383,228	384,439		384,439
6						
7		445,254	445,254		446,534	446,534
8						
9		195,892	195,892		195,904	195,904
10						
11	<u>A. SUPPORT PROGRAM</u>					
12	47,889,988	8,254,019	48,437,319	47,868,888	8,291,820	48,752,788
13	47,579,884		97,839,828	47,558,539		97,850,359
14	1,883,300		10,137,319	1,860,880		10,152,700
15						
16	112,637		112,637	225,615		225,615
17						
18	22,932	19,600	42,532			
19						
20	1,860,505	3,528,478	5,388,983	1,996,637	3,534,186	5,530,823
21						
22		983,741	983,741		985,218	985,218
23						
24						
25	927,959,295	13,600,984	95,954,279	927,502,787	13,627,662	96,798,449

	<u>Fiscal 1988</u>		<u>Fiscal 1989</u>	
	General	Current	General	Current
	<u>Fund</u>	<u>Unrestricted</u>	<u>Fund</u>	<u>Unrestricted</u>
1				
2				
3				
4	22,545,661		22,818,598	
5	22,849,160		23,112,841	
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				

96,438,162

36,740,503

Total audit costs are estimated to be \$85,064 for the biennium. Fifty percent of these costs are to be paid from funds other than those appropriated in items 1 through 7.

IF GROSS ACTUAL NONRESIDENT INCIDENTAL FEE REVENUES, REDUCED BY 18.45 PERCENT FOR NONRESIDENT WAIVERS, ARE LESS THAN \$1,748,796 FOR FISCAL 1988 AND LESS THAN \$1,751,420 FOR FISCAL 1989, THE UNIVERSITY OF MONTANA MAY REQUEST A SUPPLEMENTAL FOR THE DIFFERENCE.

EASTERN MONTANA COLLEGE

1. Instruction

A. INSTRUCTION PROGRAM

6,468,676 6,468,676 6,478,550 6,478,550

B. FUNDING LEVEL INCREASE

133,375 133,375 133,579 133,579

2. Public Service

231,435 231,435 231,447 231,447

3. Academic Support, Student Services, and Institutional Support

A. SUPPORT PROGRAM

850,296 3,207,247 4,057,543 4,056,406

B. FUNDING LEVEL INCREASE

45,084 45,084 90,142 90,142

4. Audit

22,932 19,600 42,532

		<u>Fiscal 1988</u>		<u>Fiscal 1989</u>	
		<u>Current</u>		<u>Current</u>	
		<u>Fund</u>	<u>Total</u>	<u>Fund</u>	<u>Total</u>
1					
2					
3					
4	5. Operation and Maintenance of Physical Plant	882,641	2,030,343	886,232	2,084,794
5					
6	6. Scholarships and Fellowships				
7					
8					
9	Total				
10		8,224,545	4,959,193	8,248,678	4,963,626
11		8,403,004	13,362,197	8,464,391	13,428,017
12	Total audit costs are estimated to be \$56,710 for the biennium. Twenty-five percent of these costs are to be paid				
13	from funds other than those appropriated in items 1 through 6.				
14	NORTHERN MONTANA COLLEGE				
15	1. Instruction				
16	A. INSTRUCTION PROGRAM				
17		4,190,393	4,190,393	4,266,713	4,266,713
18	B. FUNDING LEVEL INCREASE				
19		86,399	86,399	87,973	87,973
20	2. Public Service				
21			8,891	8,891	8,891
22	3. Academic Support, Student Services, and Institutional Support				
23	A. SUPPORT PROGRAM				
24		563,571	1,561,036	536,756	1,622,803
25	B. FUNDING LEVEL INCREASE				
			2,124,607		2,159,559

	<u>Fiscal 1988</u>		<u>Fiscal 1989</u>	
	General	Current	General	Current
	<u>Fund</u>	<u>Unrestricted</u>	<u>Fund</u>	<u>Unrestricted</u>
	<u>23,606</u>	<u>23,606</u>	<u>47,990</u>	<u>47,990</u>
4. Audit	22,399	12,400	34,799	
5. Operation and Maintenance of Physical Plant	624,651	496,793	1,121,444	478,740
6. Scholarships and Fellowships		274,815	274,815	271,722
Total	5,481,814	2,353,935	7,754,949	2,382,156
	<u>5,511,019</u>	<u>7,864,954</u>	<u>5,607,269</u>	<u>7,853,462</u>
Total audit costs are estimated to be \$46,399 for the biennium. Twenty-five percent of these costs are to be paid from funds other than those appropriated in items 1 through 6.				
WESTERN MONTANA COLLEGE				
1. Instruction				
A. INSTRUCTION PROGRAM	2,321,136	2,321,136	2,297,033	2,297,033
B. FUNDING LEVEL INCREASE	<u>47,858</u>	<u>47,858</u>	<u>47,361</u>	<u>47,361</u>
2. Academic Support, Student Services, and Institutional Support				
A. SUPPORT PROGRAM	326,621	828,246	1,154,867	805,298

		<u>Fiscal 1988</u>		<u>Fiscal 1989</u>	
		General	Current	General	Current
		<u>Fund</u>	<u>Unrestricted</u>	<u>Fund</u>	<u>Unrestricted</u>
		<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
1	8. <u>FUNDING LEVEL INCREASE</u>				
2					
3					
4					
5		<u>12,832</u>		<u>12,832</u>	<u>25,356</u>
6	3. Audit				
7		22,332	11,500	33,832	
8	4. Operation and Maintenance of Physical Plant				
9		353,701	381,476	735,177	407,728
10	5. Scholarships and Fellowships			342,802	750,530
11			83,472	83,472	82,469
12					
13	Total				
14		9,629,798	1,304,694	4,928,484	1,295,495
15		<u>3,084,480</u>		<u>4,389,174</u>	<u>4,343,768</u>
16	Total audit costs are estimated to be \$45,110 for the biennium. Twenty-five percent of these costs are to be paid			2,975,556	4,274,854
17	from funds other than those appropriated in items 1 through 5.			<u>3,048,273</u>	
18	MONTANA COLLEGE OF MINERAL SCIENCE AND TECHNOLOGY				
19	1. Instruction				
20	a. Instruction Program				
21		3,995,761		3,995,761	4,002,548
22	B. <u>FUNDING LEVEL INCREASE</u>				
23		<u>82,387</u>		<u>82,387</u>	<u>82,526</u>
24	2. Research		43,718	43,718	43,747
25					

1
2
3
4 3. Academic Support, Student Services, and Institutional Support
5 A. SUPPORT PROGRAM

<u>Fiscal 1988</u>		<u>Fiscal 1989</u>	
General	Current	General	Current
<u>Fund</u>	<u>Unrestricted</u>	<u>Fund</u>	<u>Unrestricted</u>
<u>Total</u>		<u>Total</u>	

6
7
8 B. FUNDING LEVEL INCREASE

574,728 1,755,233 2,329,961 588,412 1,741,604 2,330,016

9 4. Audit

25,889 25,889 51,778 51,778

10
11 5. Operation and Maintenance of Physical Plant

22,999 20,500 43,499

12
13 6. Scholarships and Fellowships

683,568 911,485 1,595,053 677,252 948,888 1,626,140

14
15
16 Total

202,189 202,189 202,189 202,189 202,189

17
18
19 Total audit costs are estimated to be \$57,999 for the biennium. Twenty-five percent of these costs are to be paid
20 from funds other than those appropriated in items 1 through 6.

Fiscal 1988

Fiscal 1989

21
22 State Federal
23 General Special
24 Fund Revenue Proprietary Total

General Special
Fund Revenue Proprietary Total

25 TOTAL SECTION F

	Fiscal 1986				Fiscal 1989			
	General	State	Federal		State	Federal		
	Fund	Special	Revenue		Special	Revenue	Special	Total
1								
2								
3								
4								
5	88-584-848	47-949-666	1-346-966	8-449-689	46-249-689	88-544-179	47-949-633	4-998-083
6	98-626-953	47-625-817		8,739,609	48-841-745	98-968-919	47-668-858	9,205,338
7	91-183-148	47-817-979	1-499-685		48-448-421	91-531-282	47-847-946	1-551-168
8	91-263-148				48-528-421	91-611-282		
9	91-535,366	46,480,719	3,824,685		150,560,379	91,858,826	45,944,002	3,876,168

NOTE: The total of state special revenues for section F includes the following amounts of current unrestricted funds:

Fiscal 1988	-----	\$45,797,555
Fiscal 1989	-----	\$45,689,673
TOTAL STATE FUNDING		
368-440-188	288-857-987	414-974-789
95-852-629		
1-158-724-967	361-488-928	279-918-814
423-848-553	95-745-683	1-168-875-898
354-986-888	285-471-416	411-491-178
95-774-763		
1-143-723-447	357-888-348	284-598-635
421-338-724	96-527-826	1-159-563-534
356-969-876	289-791-985	412-843-484
96-158-259		
1-148-956-124	358-459-868	283-669-514
421-718-788	96-799-295	1-168-647-465
362-669-928	283-834-689	
1-154-188-281	369-568-721	283-698-178
1-165-776-974		
361,564,348	277,991,169	412,728,361
96,146,923	1,148,430,801	362,751,670
271,824,873	422,168,651	96,786,656
1,153,531,850		

Section 18. Effective date DATES. (1) This act, EXCEPT AS PROVIDED IN SUBSECTION (2), is effective July 1, 1987.

(2) SECTIONS 15 AND 18 ARE EFFECTIVE ON PASSAGE AND APPROVAL.

-End-

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